

AMENDED IN ASSEMBLY AUGUST 18, 2014

AMENDED IN ASSEMBLY JULY 1, 2014

AMENDED IN ASSEMBLY JUNE 18, 2014

AMENDED IN ASSEMBLY JUNE 5, 2014

SENATE BILL

No. 1247

Introduced by Senator Lieu

(Principal coauthor: Assembly Member Bonilla)

February 20, 2014

An act to amend ~~Section 27 of the Business and Professions Code, to amend Sections 94800.5, 94801, 94802, 94804, 94808, 94809, 94809.5, 94813, 94816, 94829, 94837, 94838, 94847, 94861, 94874, 94874.1, 94874.7, 94874.8, 94875, 94876, 94877, 94878, 94879, 94881, 94882, 94883, 94884, 94880, 94885, 94887, 94888, 94890, 94891, 94892, 94893, 94895, 94896, 94897, 94898, 94900.7, 94904, 94909, 94910, 94911, 94913, 94920, 94921, 94916, 94923, 94924, 94926, 94927, 94927.5, 94928, 94929, 94925, 94929.5, 94929.7, 94929.8, 94930, 94930.5, 94931.5, 94932, 94932.5, 94933, 94933.5, 94934, 94935, 94936, 94937, 94938, 94939, 94941, 94942, 94943, 94943.5, 94944, 94944.5, 94944.6, 94945, 94948, and 94950 of, to amend the heading of Article 5 (commencing with Section 94875) of Chapter 8 of Part 59 of Division 10 of Title 3 of,~~ to add Sections ~~94818.5, 94874.2, 94880.1, 94885.5, 94947, and 94875.5~~ *94949.5* to, to add and repeal ~~Section~~ *Sections 94885.1 and 94929.9* of, ~~to repeal Sections 94805, 94820, and 94833 of,~~ and to repeal and add Sections ~~94803, 94880, and Section 94949 of,~~ the Education Code, relating to private postsecondary education, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1247, as amended, Lieu. Private postsecondary education: California Private Postsecondary Education Act of 2009.

Existing law, the California Private Postsecondary Education Act of 2009, provides for the regulation of private postsecondary educational institutions by the Bureau for Private Postsecondary Education in the Department of Consumer Affairs. The act exempts an institution from its provisions, if any of a list of specific criteria are met.

This bill would recast and revise various provisions of the act. ~~The bill would establish the Board for Private Postsecondary Education as a successor agency to the bureau on July 1, 2015. The bill would, beginning January 1, 2016, remove the exemption from its provisions for an institution that is approved to participate in veterans financial aid programs pursuant to a specified federal law, and that is not an independent institution of higher education, thereby making the act applicable to the institution.~~

~~The bill would require the board, beginning July 1, 2015, bureau to, among other things, contract with the Office of the Attorney General, or other appropriate state agency, to establish a process for board bureau staff to be trained to investigate complaints filed with the board, bureau, post specified information on its Internet Web site, establish a task force no later than March 1, 2015, to identify standards for specified educational and training programs and provide a report to the Legislature regarding those programs, adopt minimum operating standards for an institution that ensure, among other things, that an institution offering a degree is accredited and that an unaccredited institution offering a degree satisfies certain requirements, and establish application processing goals and timelines to ensure that an institution's approval to operate application is promptly reviewed by the board. The bill would require the board to submit a report to the Legislature, on or before October 1, 2015, on whether data reporting and disclosure requirements under the act may be consolidated with reporting required by other federal and state regulatory bodies, to submit a report to the Legislature relating to an independent review of its staffing resources, and to contract with the Office of the Attorney General for investigative and prosecutorial services if the board has reason to believe that an institution has engaged in a pattern or practice of violating the provisions of this act or any other applicable law. bureau.~~

The bill would require the Secretary of Business, Consumer Services, and Housing, in consultation with the Legislature, to appoint a Bureau for Private Postsecondary Education Monitor to carry out specified duties to improve the bureau's operations, and would require the monitor to submit specified reports to the Legislature related to the bureau.

The bill would make other technical and conforming changes.

The act establishes the Student Tuition Recovery Fund and requires the bureau to adopt regulations governing the administration and maintenance of the fund, including requirements relating to assessments on students and student claims against the fund, and establishes that the moneys in this fund are continuously appropriated to the bureau for specified purposes.

This bill would require those regulations to ensure that students are eligible for payment from the fund in specified circumstances.

Existing law repeals that act on January 1, 2015.

This bill would instead repeal that act on January 1, 2017, thus extending the operation of the act by 2 years.

By extending the operation of the Student Tuition Recovery Fund, a continuously appropriated fund, this bill would make an appropriation.

Under existing law, the act specifies conduct by regulated institutions that, if undertaken, is a crime.

Because this bill would extend the application of those criminal provisions, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would appropriate \$130,000 from the Private Postsecondary Education Administration Fund to the bureau for the 2014–15 fiscal year for staff support to the bureau and the advisory committee, as specified.

Vote: majority. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 27 of the Business and Professions Code~~
2 ~~is amended to read:~~

27. ~~(a) Each entity specified in subdivisions (c), (d), and (e) shall provide on the Internet information regarding the status of every license issued by that entity in accordance with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code). The public information to be provided on the Internet shall include information on suspensions and revocations of licenses issued by the entity and other related enforcement action, including accusations filed pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) taken by the entity relative to persons, businesses, or facilities subject to licensure or regulation by the entity. The information may not include personal information, including home telephone number, date of birth, or social security number. Each entity shall disclose a licensee's address of record. However, each entity shall allow a licensee to provide a post office box number or other alternate address, instead of his or her home address, as the address of record. This section shall not preclude an entity from also requiring a licensee, who has provided a post office box number or other alternative mailing address as his or her address of record, to provide a physical business address or residence address only for the entity's internal administrative use and not for disclosure as the licensee's address of record or disclosure on the Internet.~~

~~(b) In providing information on the Internet, each entity specified in subdivisions (c) and (d) shall comply with the Department of Consumer Affairs to Public Records Act Guidelines.~~

~~(c) Each of the following entities within the Department of Consumer Affairs shall comply with the requirements of this section:~~

~~(1) The Board for Professional Engineers, Land Surveyors, and Geologists shall disclose information on its registrants and licensees.~~

~~(2) The Bureau of Automotive Repair shall disclose information on its licensees, including auto repair dealers, smog stations, lamp and brake stations, smog check technicians, and smog inspection certification stations.~~

1 ~~(3) The Bureau of Electronic and Appliance Repair, Home~~
2 ~~Furnishings, and Thermal Insulation shall disclose information on~~
3 ~~its licensees and registrants, including major appliance repair~~
4 ~~dealers, combination dealers (electronic and appliance), electronic~~
5 ~~repair dealers, service contract sellers, and service contract~~
6 ~~administrators.~~

7 ~~(4) The Cemetery and Funeral Bureau shall disclose information~~
8 ~~on its licensees, including cemetery brokers, cemetery salespersons,~~
9 ~~cemetery managers, crematory managers, cemetery authorities,~~
10 ~~crematories, cremated remains disposers, embalmers, funeral~~
11 ~~establishments, and funeral directors.~~

12 ~~(5) The Professional Fiduciaries Bureau shall disclose~~
13 ~~information on its licensees.~~

14 ~~(6) The Contractors' State License Board shall disclose~~
15 ~~information on its licensees and registrants in accordance with~~
16 ~~Chapter 9 (commencing with Section 7000) of Division 3. In~~
17 ~~addition to information related to licenses as specified in~~
18 ~~subdivision (a), the board shall also disclose information provided~~
19 ~~to the board by the Labor Commissioner pursuant to Section 98.9~~
20 ~~of the Labor Code.~~

21 ~~(7) The Board for Private Postsecondary Education shall disclose~~
22 ~~information on private postsecondary institutions under its~~
23 ~~jurisdiction, including disclosure of notices to comply issued~~
24 ~~pursuant to Section 94935 of the Education Code.~~

25 ~~(8) The California Board of Accountancy shall disclose~~
26 ~~information on its licensees and registrants.~~

27 ~~(9) The California Architects Board shall disclose information~~
28 ~~on its licensees, including architects and landscape architects.~~

29 ~~(10) The State Athletic Commission shall disclose information~~
30 ~~on its licensees and registrants.~~

31 ~~(11) The State Board of Barbering and Cosmetology shall~~
32 ~~disclose information on its licensees.~~

33 ~~(12) The State Board of Guide Dogs for the Blind shall disclose~~
34 ~~information on its licensees and registrants.~~

35 ~~(13) The Acupuncture Board shall disclose information on its~~
36 ~~licensees.~~

37 ~~(14) The Board of Behavioral Sciences shall disclose~~
38 ~~information on its licensees, including marriage and family~~
39 ~~therapists, licensed clinical social workers, licensed educational~~
40 ~~psychologists, and licensed professional clinical counselors.~~

1 ~~(15) The Dental Board of California shall disclose information~~
2 ~~on its licensees.~~

3 ~~(16) The State Board of Optometry shall disclose information~~
4 ~~regarding certificates of registration to practice optometry,~~
5 ~~statements of licensure, optometric corporation registrations, branch~~
6 ~~office licenses, and fictitious name permits of its licensees.~~

7 ~~(17) The Board of Psychology shall disclose information on its~~
8 ~~licensees, including psychologists, psychological assistants, and~~
9 ~~registered psychologists.~~

10 ~~(d) The State Board of Chiropractic Examiners shall disclose~~
11 ~~information on its licensees.~~

12 ~~(e) The Structural Pest Control Board shall disclose information~~
13 ~~on its licensees, including applicators, field representatives, and~~
14 ~~operators in the areas of fumigation, general pest and wood~~
15 ~~destroying pests and organisms, and wood roof cleaning and~~
16 ~~treatment.~~

17 ~~(f) “Internet” for the purposes of this section has the meaning~~
18 ~~set forth in paragraph (6) of subdivision (f) of Section 17538.~~

19 ~~SEC. 2. Section 94800.5 of the Education Code is amended to~~
20 ~~read:~~

21 ~~94800.5. Whenever a reference is made to the former Private~~
22 ~~Postsecondary Education and Student Protection Act, the former~~
23 ~~Private Postsecondary and Vocational Education Reform Act of~~
24 ~~1989, or the former Chapter 7 (commencing with Section 94700)~~
25 ~~of Part 59 of Division 10 of Title 3 of the Education Code, as it~~
26 ~~read on June 30, 2007, by the provisions of any statute or~~
27 ~~regulation, it shall be construed as referring to the provisions of~~
28 ~~this chapter. Whenever a reference is made to the former Bureau~~
29 ~~for Private Postsecondary and Vocational Education, or the Bureau~~
30 ~~for Private Postsecondary Education, by the provisions of any~~
31 ~~statute or regulation, after July 1, 2015, it shall be construed as~~
32 ~~referring to the Board for Private Postsecondary Education.~~

33 ~~SEC. 3.~~

34 ~~SECTION 1. Section 94801 of the Education Code is amended~~
35 ~~to read:~~

36 ~~94801. The Legislature finds and declares all of the following:~~

37 ~~(a) In 2013, more than 300,000 Californians attended more than~~
38 ~~1,100 private postsecondary schools in California.~~

39 ~~(b) Private postsecondary schools can complement the public~~
40 ~~education system and help develop a trained workforce to meet~~

1 the demands of California businesses and the economy; however,
2 concerns about the value of degrees and diplomas issued by private
3 postsecondary schools, and the lack of protections for private
4 postsecondary school students and consumers of those schools’
5 services, have highlighted the need for strong state-level oversight
6 of private postsecondary schools.

7 (c) Numerous reports and studies have concluded that
8 California’s previous attempts at regulatory oversight of private
9 postsecondary schools *under the Department of Consumer Affairs*
10 have consistently failed to ensure student protections or provide
11 effective oversight of private postsecondary schools.

12 (d) It is the intent of the Legislature in ~~establishing the Board~~
13 ~~for Private Postsecondary Education~~ *continuing the operation of*
14 *this chapter* for two years *until January 1, 2017*, to ensure all of
15 the following:

16 (1) Minimum educational quality standards and opportunities
17 for success for California students attending private postsecondary
18 schools in California.

19 (2) Meaningful student protections through essential avenues
20 of recourse for students.

21 (3) A regulatory structure that provides for an appropriate level
22 of oversight.

23 (4) A regulatory governance structure that ensures that all
24 stakeholders have a voice and are heard in policymaking by the
25 ~~board~~ *bureau*.

26 (5) A regulatory governance structure that provides for
27 accountability and oversight by the Legislature through program
28 monitoring and periodic reports.

29 (6) Prevention of the *harm to students and the* deception of the
30 public that results from ~~conferring, and use of,~~ fraudulent or
31 substandard *educational programs and* degrees.

32 (e) The Legislature advises future policymakers to continually
33 and carefully evaluate this chapter and its administration and
34 enforcement. Where there are deficiencies in the law or regulatory
35 oversight, the Governor and the Legislature should act quickly to
36 correct them.

37 ~~SEC. 4.~~

38 *SEC. 2.* Section 94802 of the Education Code is amended to
39 read:

1 94802. ~~(a)~~—An institution that had a valid approval to operate
2 on June 30, 2007, issued by the former Bureau for Private
3 Postsecondary and Vocational Education pursuant to former
4 Chapter 7 (commencing with Section 94700) of Part 59 of Division
5 10 of Title 3 of the Education Code, as it read on June 30, 2007,
6 shall maintain that approval under this chapter. For the purposes
7 of this chapter, the approval to operate shall be valid for three
8 calendar years after the expiration date of the approval, as it read
9 on June 30, 2007.

10 ~~(b) An institution that had a valid approval to operate on~~
11 ~~December 31, 2014, issued by the Bureau for Private Postsecondary~~
12 ~~Education pursuant to this chapter, as it read on December 31,~~
13 ~~2014, shall maintain that approval through the expiration date of~~
14 ~~the approval, as it read on December 31, 2014, unless the approval~~
15 ~~is suspended or revoked by the board.~~

16 SEC. 5. ~~Section 94803 of the Education Code is repealed.~~

17 SEC. 6. ~~Section 94803 is added to the Education Code, to read:~~

18 94803. ~~(a) The regulations adopted under this chapter, as it~~
19 ~~read on December 31, 2014, shall remain in effect until such time~~
20 ~~as the board amends or repeals them.~~

21 ~~(b) Commencing July 1, 2015, any reference in the regulations~~
22 ~~that refer to the authority of the Director shall be deemed to refer~~
23 ~~to the board or, if the board so designates, the executive officer.~~

24 SEC. 7. ~~Section 94804 of the Education Code is amended to~~
25 ~~read:~~

26 94804. ~~(a) Each unresolved matter submitted to the former~~
27 ~~Bureau for Private Postsecondary and Vocational Education prior~~
28 ~~to July 1, 2007, and to the former Bureau for Private Postsecondary~~
29 ~~Education prior to January 1, 2015, shall be deemed to remain~~
30 ~~pending before the board irrespective of any applicable deadlines.~~
31 ~~With respect to any deadline applicable to a pending matter, no~~
32 ~~time shall be deemed to have elapsed from July 1, 2007, to January~~
33 ~~1, 2010, inclusive.~~

34 ~~(1) For the purposes of this subdivision, “matter” includes, but~~
35 ~~is not limited to, an appeal, a complaint, a claim, an evaluation, a~~
36 ~~hearing, or an investigation.~~

37 ~~(2) For the purposes of this subdivision, “matter” does not~~
38 ~~include a Student Tuition Recovery Fund claim.~~

39 ~~(b) Student complaints submitted prior to January 1, 2015, shall~~
40 ~~continue to be duly recorded and investigated by the board.~~

1 ~~SEC. 8. Section 94805 of the Education Code is repealed.~~

2 ~~SEC. 9. Section 94808 of the Education Code is amended to~~
3 ~~read:~~

4 ~~94808. (a) Any Student Tuition Recovery Fund claims received~~
5 ~~by the former Bureau for Private Postsecondary and Vocational~~
6 ~~Education or the Bureau for Private Postsecondary Education prior~~
7 ~~to January 1, 2015, that were not processed, shall be processed by~~
8 ~~the board.~~

9 ~~(b) The student's right to recovery from the Student Tuition~~
10 ~~Recovery Fund shall be based on the law that was in effect when~~
11 ~~the student enrolled and a fee for the fund was charged as a part~~
12 ~~of tuition costs, even though that law has become inoperative, been~~
13 ~~repealed, or otherwise expired.~~

14 ~~SEC. 10.~~

15 ~~SEC. 3. Section 94809 of the Education Code is amended to~~
16 ~~read:~~

17 ~~94809. (a) (1) An institution that had an application for an~~
18 ~~approval to operate pending with the former Bureau for Private~~
19 ~~Postsecondary and Vocational Education on June 30, 2007, and~~
20 ~~submitted an application for approval to operate to the Bureau for~~
21 ~~Private Postsecondary Education, may continue to operate until a~~
22 ~~decision is made in regard to the institution regarding the~~
23 ~~application for approval to operate, but shall comply with, and is~~
24 ~~subject to, this chapter.~~

25 ~~(b) An institution that did not have a valid approval to operate~~
26 ~~issued by, and did not have an application for approval to operate~~
27 ~~pending with, the former Bureau for Private Postsecondary and~~
28 ~~Vocational Education on June 30, 2007, that began operations~~
29 ~~between July 1, 2007, and January 1, 2010, may continue to operate~~
30 ~~unless a denial of approval to operate has been issued and has~~
31 ~~become final, but shall comply with, and is subject to, this chapter.~~

32 ~~(c) Students seeking to enroll in institutions operating under~~
33 ~~subdivisions (a) and (b) shall be notified by the institution, in~~
34 ~~writing and prior to executing an enrollment agreement, that the~~
35 ~~institution's application for approval to operate has not been~~
36 ~~reviewed by the board bureau.~~

37 ~~(d) (1) An institution that is denied an approval to operate~~
38 ~~pursuant to subdivision (a) or (b) may file an appeal pursuant to~~
39 ~~the procedures established in Section 94888.~~

(2) An institution that has filed an appeal may continue to operate during the appeal process but must disclose in a written statement approved by the ~~board~~, *bureau*, to all current and prospective students, that the institution's application for approval to operate was denied by the ~~board~~ *bureau* because the ~~board~~ *bureau* determined the application did not satisfy the requirements to operate in California, that the institution is appealing the ~~board's~~ *bureau's* decision, and that the loss of the appeal may result in the institution's closure.

(3) If the ~~board~~ *bureau* determines that the continued operation of an institution poses a significant risk of harm to students, the ~~board~~ *bureau* shall make an emergency decision pursuant to Section 94938.

~~SEC. 11. Section 94809.5 of the Education Code is amended to read:~~

~~94809.5. Notwithstanding any other provision of law:~~

~~(a) For any claims that a student had based on a violation of the Private Postsecondary and Vocational Education Reform Act of 1989 on or before June 30, 2007, the period of time from June 30, 2007, to December 31, 2009, inclusive, shall be excluded in determining the deadline or the statute of limitation for filing any claim with the board or a lawsuit based on any claim.~~

~~(b) All claims described in subdivision (a), except claims to the Student Tuition Recovery Fund, including those contained in a lawsuit or other legal action, shall be determined or adjudicated based on the law that was in effect when the violations or events took place, even though those provisions have become inoperative, been repealed, or otherwise expired.~~

~~SEC. 12.~~

~~SEC. 4. Section 94813 of the Education Code is amended to read:~~

~~94813. "Accredited" means an institution is accredited by an accrediting agency recognized by the United States Department of Education.~~

~~SEC. 13.~~

~~SEC. 5. Section 94816 of the Education Code is amended to read:~~

~~94816. "Applicant" means an institution that a person, as defined in Section 94855, who has submitted an application to the board for an approval to operate or for a renewal of an approval~~

1 to operate. An applicant shall be the owner of an institution.
2 ~~Approvals approval~~ to operate shall be issued *only* to applicants;
3 and those approvals mean that the recipient institutions are
4 authorized or licensed by the board to operate in California through
5 the expiration date of the approval *an applicant*.

6 ~~SEC. 14. Section 94818.5 is added to the Business and~~
7 ~~Professions Code, to read:~~

8 94818.5. “Board” means the Board for Private Postsecondary
9 Education.

10 ~~SEC. 15. Section 94820 of the Education Code is repealed.~~

11 ~~SEC. 16.~~

12 ~~SEC. 6. Section 94829 of the Education Code is amended to~~
13 ~~read:~~

14 94829. “Default” means failure of a borrower and endorser, if
15 any, to make an installment payment for a loan received under the
16 federal student financial aid programs when due, or to meet other
17 terms of the promissory note, provided that this failure persists for
18 270 days if payment is due monthly or 360 days if payment is due
19 less frequently. For purposes of this section, “endorser” means an
20 individual who signs a promissory note and agrees to repay the
21 loan in the event that the borrower does not.

22 ~~SEC. 17. Section 94833 of the Education Code is repealed.~~

23 ~~SEC. 18.~~

24 ~~SEC. 7. Section 94837 of the Education Code is amended to~~
25 ~~read:~~

26 94837. “Educational program” means a planned sequence
27 composed of a single course or module, or set of related courses
28 or modules, that provides the education, training, skills, and
29 experience leading to the award of a recognized educational
30 credential such as a document of completion, degree, or diploma.
31 *or experience, or a combination of these.*

32 ~~SEC. 19. Section 94838 of the Education Code is amended to~~
33 ~~read:~~

34 94838. “Educational program approval” means authorization
35 by the board, another government agency of this state, or a federal
36 government agency, to provide educational programs, and is an
37 element of an approval to operate.

38 ~~SEC. 20.~~

39 ~~SEC. 8. Section 94847 of the Education Code is amended to~~
40 ~~read:~~

1 94847. “License and examination preparation” means
2 instruction designed to assist students to prepare for an examination
3 for licensure. “License and examination preparation” does not
4 include an educational program designed to instruct students in
5 the field of the licensure examination *skills and knowledge*
6 *necessary to satisfy the qualifications for licensure.*

7 ~~SEC. 21. Section 94861 of the Education Code is amended to~~
8 ~~read:~~

9 ~~94861. “Reporting period” means the institution’s fiscal year~~
10 ~~or any yearly period designated by the board to be covered in the~~
11 ~~institution’s annual report.~~

12 ~~SEC. 22.~~

13 ~~SEC. 9.~~ Section 94874 of the Education Code is amended to
14 read:

15 94874. Except as provided in Section 94874.2, the following
16 are exempt from this chapter:

17 (a) An institution that offers solely avocational or recreational
18 educational programs.

19 (b) An institution offering educational programs sponsored by
20 a bona fide trade, business, professional, or fraternal organization,
21 solely for that organization’s membership.

22 (c) A postsecondary educational institution established, operated,
23 and governed by the federal government or by this state or its
24 political subdivisions.

25 (d) An institution offering either of the following:

26 (1) Test preparation for examinations required for admission to
27 a postsecondary educational institution.

28 (2) Continuing education or license examination preparation,
29 if the institution or the program is approved, certified, or sponsored
30 by any of the following:

31 (A) A government agency, other than the ~~board~~ *bureau*, that
32 licenses persons in a particular profession, occupation, trade, or
33 career field.

34 (B) A state-recognized professional licensing body, such as the
35 State Bar of California, that licenses persons in a particular
36 profession, occupation, trade, or career field.

37 (C) A bona fide trade, business, or professional organization.

38 (e) (1) An institution owned, controlled, and operated and
39 maintained by a religious organization lawfully operating as a
40 nonprofit religious corporation pursuant to Part 4 (commencing

1 with Section 9110) of Division 2 of Title 1 of the Corporations
2 Code, that meets all of the following requirements:

3 (A) The instruction is limited to the principles of that religious
4 organization, or to courses offered pursuant to Section 2789 of
5 Business and Professions Code.

6 (B) The diploma or degree is limited to evidence of completion
7 of that education.

8 (2) An institution operating under this subdivision shall offer
9 degrees and diplomas only in the beliefs and practices of the
10 church, religious denomination, or religious organization.

11 (3) An institution operating under this subdivision shall not
12 award degrees in any area of physical science.

13 (4) Any degree or diploma granted under this subdivision shall
14 contain on its face, in the written description of the title of the
15 degree being conferred, a reference to the theological or religious
16 aspect of the degree's subject area.

17 (5) A degree awarded under this subdivision shall reflect the
18 nature of the degree title, such as "associate of religious studies,"
19 "bachelor of religious studies," "master of divinity," or "doctor of
20 divinity."

21 (f) An institution that does not award degrees and that solely
22 provides educational programs for total charges of two thousand
23 five hundred dollars (\$2,500) or less when no part of the total
24 charges is paid from state or federal student financial aid programs.
25 The ~~board~~ bureau may adjust this cost threshold based upon the
26 California Consumer Price Index and post notification of the
27 adjusted cost threshold on its Internet Web site, as the ~~board~~ bureau
28 determines, through the promulgation of regulations, that the
29 adjustment is consistent with the intent of this chapter.

30 (g) A law school that is accredited by the Council of the Section
31 of Legal Education and Admissions to the Bar of the American
32 Bar Association or a law school or law study program that is
33 subject to the approval, regulation, and oversight of the Committee
34 of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the
35 Business and Professions Code.

36 (h) A nonprofit public benefit corporation that satisfies all of
37 the following criteria:

38 (1) Is qualified under Section 501(c)(3) of the United States
39 Internal Revenue Code.

1 (2) Is organized specifically to provide workforce development
2 or rehabilitation services.

3 (3) Is accredited by an accrediting organization for workforce
4 development or rehabilitation services recognized by the
5 Department of Rehabilitation.

6 (i) An institution that is accredited by the Accrediting
7 Commission for Senior Colleges and Universities, Western
8 Association of Schools and Colleges, or the Accrediting
9 Commission for Community and Junior Colleges, Western
10 Association of Schools and Colleges.

11 (j) An institution that satisfies all of the following criteria:

12 (1) The institution has been accredited, for at least 10 years, by
13 an accrediting agency that is recognized by the United States
14 Department of Education.

15 (2) The institution has operated continuously in this state for at
16 least 25 years.

17 (3) During its existence, the institution has not filed for
18 bankruptcy protection pursuant to Title 11 of the United States
19 Code.

20 (4) The institution's cohort default rate on guaranteed student
21 loans does not exceed 10 percent for the most recent three years,
22 as published by the United States Department of Education.

23 (5) The institution maintains a composite score of 1.5 or greater
24 on its equity, primary reserve, and net income ratios, as provided
25 under Section 668.172 of Title 34 of the Code of Federal
26 Regulations.

27 (6) The institution provides a pro rata refund of unearned
28 institutional charges to students who complete 75 percent or less
29 of the period of attendance.

30 (7) The institution provides to all students the right to cancel
31 the enrollment agreement and obtain a refund of charges paid
32 through attendance at the second class session, or the 14th day
33 after enrollment, whichever is later.

34 (8) The institution submits to the ~~board~~ *bureau* copies of its
35 most recent IRS Form 990, the institution's Integrated
36 Postsecondary Education Data System Report of the United States
37 Department of Education, and its accumulated default rate.

38 (9) The institution is incorporated and lawfully operates as a
39 nonprofit public benefit corporation pursuant to Part 2
40 (commencing with Section 5110) of Division 2 of Title 1 of the

1 Corporations Code and is not managed or administered by an entity
2 for profit.

3 (k) Flight instruction providers or programs that provide flight
4 instruction pursuant to Federal Aviation Administration regulations
5 and meet both of the following criteria:

6 (1) The flight instruction provider or program does not require
7 students to enter into written or oral contracts of indebtedness.

8 (2) The flight instruction provider or program does not require
9 or accept prepayment of instruction-related costs in excess of two
10 thousand five hundred dollars (\$2,500).

11 ~~SEC. 23.~~

12 *SEC. 10.* Section 94874.1 of the Education Code is amended
13 to read:

14 94874.1. (a) Except as provided in Section 94874.2, an
15 institution that is accredited by a regional accrediting agency that
16 is recognized by the United States Department of Education, and
17 is not an agency described in subdivision (i) of Section 94874, is
18 exempt from this chapter, except Article 14 (commencing with
19 Section 94923).

20 (b) This section shall remain in effect only until January 1, 2016,
21 and as of that date is repealed, unless a later enacted statute, that
22 is enacted before January 1, 2016, deletes or extends that date.

23 ~~SEC. 24.~~

24 *SEC. 11.* Section 94874.2 is added to the Education Code, to
25 read:

26 94874.2. ~~An~~ *Beginning January 1, 2016*, an institution that is
27 approved to participate in veterans' financial aid programs pursuant
28 to Section 21.4253 of Title 38 of the Code of Federal Regulations
29 that is not an independent institution of higher education, as defined
30 in subdivision (b) of Section 66010, may not claim an exemption
31 from this chapter.

32 ~~SEC. 25.~~ Section 94874.7 of the Education Code is amended
33 to read:

34 ~~94874.7.~~ The board shall establish, by regulation, a process
35 pursuant to which an institution that is exempt from this chapter
36 may request, and obtain, from the board verification that the
37 institution is exempt. The board shall establish a reasonable fee to
38 reimburse the board's costs associated with the implementation
39 of this section.

1 ~~SEC. 26.— Section 94874.8 of the Education Code is amended to~~
2 ~~read:~~

3 ~~94874.8.— (a) An institution exempt from all or part of this~~
4 ~~chapter pursuant to subdivision (i) or (j) of Section 94874 or~~
5 ~~Section 94874.1 may apply to the board for an approval to operate~~
6 ~~pursuant to this section, but only subject to all of the following~~
7 ~~provisions:~~

8 ~~(1) The board may approve the operation of an institution that~~
9 ~~is exempt from all or part of this chapter as specified above in~~
10 ~~accordance with the authority granted pursuant to Article 6~~
11 ~~(commencing with Section 94885). Upon issuing an approval to~~
12 ~~operate to an institution pursuant to this section, the board is~~
13 ~~authorized to regulate that institution through the full set of powers~~
14 ~~granted, and duties imposed, by this chapter, as those powers and~~
15 ~~duties would apply to an institution that is not exempt from this~~
16 ~~chapter.~~

17 ~~(2) Notwithstanding any other law, upon issuance of an approval~~
18 ~~to operate pursuant to this section, the institution is no longer~~
19 ~~eligible for exemption, from the provisions of this chapter pursuant~~
20 ~~to subdivision (i) or (j) of Section 94874 or Section 94874.1, unless~~
21 ~~authorized by subsequent legislation.~~

22 ~~(3) Upon issuance of an approval to operate pursuant to this~~
23 ~~section, an institution is subject to all provisions of this chapter,~~
24 ~~and any regulations adopted pursuant to this chapter, that apply to~~
25 ~~an institution subject to this chapter, except as expressly provided~~
26 ~~in paragraph (4).~~

27 ~~(4) (A) With respect to the placement and salary or wage data~~
28 ~~required to be collected, calculated, and reported by Article 16~~
29 ~~(commencing with Section 94928), an institution issued an~~
30 ~~approval to operate pursuant to this section is not required to report~~
31 ~~on its first School Performance Fact Sheet any data from the period~~
32 ~~prior to the date of the issuance of the approval to operate that the~~
33 ~~institution was not required to collect and does not have available~~
34 ~~to it. An institution shall, however, report available data collected~~
35 ~~and calculated in accordance with this chapter and applicable~~
36 ~~regulations, regardless of the purpose for which the data was~~
37 ~~collected. If the required data is unavailable, the institution shall~~
38 ~~also disclose the unavailability of the data on all documents~~
39 ~~required by this chapter and regulations adopted pursuant to this~~
40 ~~chapter. Upon receiving an approval to operate pursuant to this~~

1 ~~section, an institution shall commence to collect and calculate all~~
2 ~~information necessary to comply with Article 16 (commencing~~
3 ~~with Section 94928).~~

4 ~~(B) An institution receiving an approval to operate pursuant to~~
5 ~~this section shall provide to prospective students the School~~
6 ~~Performance Fact Sheet, file that fact sheet with the board, and~~
7 ~~post it on the institution's Internet Web site no later than the first~~
8 ~~August 1 after the institution is approved to operate or by a date~~
9 ~~set by the board for institutions generally. These School~~
10 ~~Performance Fact Sheets shall report data for the previous two~~
11 ~~calendar years based upon the number of students who began the~~
12 ~~program or the number of graduates for each reported calendar~~
13 ~~year. If two calendar years have not passed since the issuance of~~
14 ~~the approval to operate by the August 1 deadline for the School~~
15 ~~Performance Fact Sheet, unless data for two years is available, the~~
16 ~~institution shall report the required data for the period subsequent~~
17 ~~to the date of the issuance of the notice of approval.~~

18 ~~(b) An institution exempt from all or part of this chapter pursuant~~
19 ~~to subdivision (i) or (j) of Section 94874 or Section 94874.1 that~~
20 ~~was approved to operate by the board before the effective date of~~
21 ~~this section shall be deemed to have been approved pursuant to~~
22 ~~this section.~~

23 ~~SEC. 27. The heading of Article 5 (commencing with Section~~
24 ~~94875) of Chapter 8 of Part 59 of Division 10 of Title 3 of the~~
25 ~~Education Code is amended to read:~~

26
27 ~~Article 5. Board Powers and Duties~~
28

29 ~~SEC. 28. Section 94875 of the Education Code is amended to~~
30 ~~read:~~

31 ~~94875. (a) The board shall regulate private postsecondary~~
32 ~~educational institutions through the powers granted, and duties~~
33 ~~imposed, by this chapter. In exercising its powers, and performing~~
34 ~~its duties, the protection of the public shall be the board's highest~~
35 ~~priority. If protection of the public is inconsistent with other~~
36 ~~interests sought to be promoted, the protection of the public shall~~
37 ~~be paramount. The board shall consist of 11 members appointed~~
38 ~~as follows:~~

39 ~~(1) Three members, who shall have a demonstrated record of~~
40 ~~advocacy on behalf of consumers, one appointed by the Governor,~~

1 one by the Senate Committee on Rules, and one by the Speaker
2 of the Assembly.

3 (2) Two members, who shall be current or former students of
4 institutions, appointed by the Governor, subject to confirmation
5 by the Senate Committee on Rules.

6 (3) Three members, who shall be representatives of institutions,
7 appointed by the Governor, subject to confirmation by the Senate
8 Committee on Rules.

9 (4) Two public members with experience or expertise in
10 postsecondary education, appointed by the Governor, subject to
11 confirmation by the Senate Committee on Rules.

12 (5) One public member with knowledge or expertise in emerging
13 fields of employment, appointed by the Governor, subject to
14 confirmation by the Senate Committee on Rules.

15 (b) A person who was a member of the former Advisory
16 Committee to the Bureau for Private Postsecondary Education,
17 established pursuant to Section 94880, as that section read on
18 January 1, 2014, is eligible to be appointed to the board pursuant
19 to subdivision (a).

20 (c) A public member appointed to the board pursuant to
21 subdivision (a) shall not be affiliated with an institution.

22 (d) A majority of the board constitutes a quorum for the
23 transaction of any business, for the performance of any duty, or
24 for the exercise of any power of the board. A vacancy in the board
25 does not impair the right of the remaining members to exercise all
26 the powers of the board.

27 SEC. 29. Section 94875.5 is added to the Education Code, to
28 read:

29 94875.5. Notwithstanding any other provision of this chapter,
30 the Bureau for Private Postsecondary Education shall continue in
31 existence and administer the provisions of this chapter until July
32 1, 2015. As of that date, the bureau shall cease operations, and the
33 board shall assume all authority, including the powers, functions,
34 and jurisdiction until then vested in the bureau. The board may
35 enforce all disciplinary actions undertaken by the bureau. For the
36 performance of these duties and exercise of these powers, the board
37 shall have possession and control of all records, papers, offices,
38 equipment, supplies, or other property, real or personal, held for
39 the benefit of or use by the bureau. All regulations adopted by the
40 bureau that were in effect on December 31, 2014, shall remain in

1 effect until the board acts to amend or repeal those regulations.
2 All licensing application forms in use on December 31, 2014, shall
3 continue in use until such time as the board acts to amend those
4 forms or provides for their elimination or replacement.

5 SEC. 30. Section 94876 of the Education Code is amended to
6 read:

7 94876. (a) The executive officer of the board shall be appointed
8 by the Governor, subject to confirmation by the Senate Committee
9 on Rules, and is exempt from the State Civil Service Act pursuant
10 to Part 2 (commencing with Section 18500) of Division 5 of Title
11 2 of the Government Code.

12 (b) The executive officer of the board shall exercise the powers
13 and perform the duties delegated by the board.

14 (c) The executive officer shall be selected from a list of five
15 candidates generated by the board.

16 (d) To assist the executive officer in the discharge of his or her
17 duties, the board shall appoint three to five deputies, as deemed
18 necessary by the board.

19 SEC. 12. Section 94876 of the Education Code is amended to
20 read:

21 94876. (a) The powers and duties set forth in this chapter are
22 vested in the Director of Consumer Affairs, who may delegate
23 them to a bureau chief, subject to the provisions of this section.
24 *The bureau chief shall work in collaboration with the director.*
25 *The director is responsible for the implementation of this chapter*
26 *and he or she shall ensure that the protection of the public is the*
27 *bureau's highest priority.*

28 (b) The bureau chief shall be appointed by the Governor, subject
29 to confirmation by the Senate, and is exempt from the State Civil
30 Service Act pursuant to Part 2 (commencing with Section 18500)
31 of Division 5 of Title 2 of the Government Code.

32 (c) Each power granted to, or duty imposed upon, the bureau
33 under this chapter shall be exercised and performed in the name
34 of the bureau, subject to any conditions and limitations the director
35 may prescribe. The bureau chief may delegate any powers or duties
36 to a designee.

37 (d) As may be necessary to carry out this chapter, the director,
38 in accordance with the State Civil Service Act, may appoint and
39 fix the compensation of personnel.

1 ~~SEC. 31.~~

2 ~~SEC. 13.~~ Section 94877 of the Education Code is amended to
3 read:

4 94877. (a) ~~The board~~ *bureau* shall adopt and shall enforce
5 regulations to implement this chapter pursuant to the
6 Administrative Procedure Act (Chapter 3.5 (commencing with
7 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
8 Code).

9 (b) ~~The board~~ *bureau* shall develop and implement an
10 enforcement program, pursuant to Article 18 (commencing with
11 Section 94932) to implement this chapter. The enforcement
12 program shall include a plan for investigating complaints filed
13 with the ~~board~~ *bureau*. ~~The board~~ *bureau* shall contract with the
14 office of the Attorney General, or other appropriate state agency,
15 to establish a process for the ~~board's bureau's~~ staff to be trained
16 to investigate complaints, including, but not limited to, the
17 information, evidence, and materials needed to process complaints.
18 ~~The training~~

19 (c) *The bureau* shall *institute training* to ensure ~~the board's~~ *that*
20 *its* staff are equipped to review and verify the accuracy of the data
21 contained in consumer disclosures, including, but not limited to,
22 the School Performance Fact Sheet.

23 (e)
24 (d) ~~The board~~ *bureau* shall establish a program to proactively
25 identify unlicensed institutions, identify material or repeated
26 violations of this chapter and regulations implementing this chapter,
27 and take all appropriate legal action.

28 ~~(d) The board shall, by January 1, 2016, initiate the process and~~
29 ~~procedures governing its approval or denial of applications for~~
30 ~~approval to operate in accordance with board regulations adopted~~
31 ~~pursuant to Section 94888, for every application pending as of~~
32 ~~January 1, 2015.~~

33 ~~SEC. 32.~~ Section 94878 of the Education Code is amended to
34 read:

35 94878. (a) ~~The board~~ shall establish an Internet Web site that
36 includes at least all of the following information:

37 (1) ~~An explanation of the board's scope of authority.~~

38 (2) ~~(A) A directory of approved institutions, and a link, if~~
39 ~~feasible, to the Internet Web site of each institution.~~

1 ~~(B) For each institution, the directory shall be developed in a~~
2 ~~manner that allows the user to search by institution and shall~~
3 ~~include all of the following information:~~

4 ~~(i) The status of the institution's approval to operate.~~

5 ~~(ii) The information provided by the institutions including, but~~
6 ~~not limited to, the annual report, as required by Section 94934,~~
7 ~~including the school catalog and the Student Performance Fact~~
8 ~~Sheet. The Student Performance Fact Sheet shall be maintained~~
9 ~~on the directory for at least five years after the date of its~~
10 ~~submission to the board.~~

11 ~~(iii) The disciplinary history of the institution, which shall~~
12 ~~include, but shall not be limited to, all of the following:~~

13 ~~(I) Pending formal accusations filed by the board.~~

14 ~~(II) Suspensions, revocations, citations, fines, infractions,~~
15 ~~probations, pending litigation filed by the board, and final~~
16 ~~judgments resulting from litigation filed by the board.~~

17 ~~(III) Pending or final civil or criminal cases filed by the Attorney~~
18 ~~General, a city attorney, ora district attorney in this state, or filed~~
19 ~~in any state by an attorney general or a federal regulatory or~~
20 ~~prosecutorial agency if the case would be actionable under~~
21 ~~California or federal law, of which the board has received notice.~~

22 ~~(IV) Final administrative actions by the United State Department~~
23 ~~of Education, including orders requiring restitution to students.~~

24 ~~(V) All disciplinary actions ordered by an accreditation agency,~~
25 ~~including any order to show cause, of which the board has received~~
26 ~~notice pursuant to Section 94934 or other information otherwise~~
27 ~~publicly available of which the board has received notice.~~

28 ~~(b) The board shall maintain the Internet Web site described in~~
29 ~~subdivision (a). The board shall ensure that the information~~
30 ~~specified in subdivision (a) is kept current. The board shall update~~
31 ~~the Internet Web site at least annually, to coincide with the~~
32 ~~submission of annual reports by the institutions pursuant to Section~~
33 ~~94934.~~

34 ~~(c) (1) The board shall post on its Internet Web site a list of all~~
35 ~~institutions that were denied approval to operate, after the denial~~
36 ~~is final, and describe in clear and conspicuous language the reason~~
37 ~~the institution was denied approval. The board shall include the~~
38 ~~statement provided in paragraph (2) on its Internet Web site.~~

39 ~~(2) "The following institutions were denied approval to operate~~
40 ~~by the Board for Private Postsecondary Education for failing to~~

1 satisfy the standards relating to educational quality, or consumer
2 protection, or both. These unlicensed institutions are not operating
3 in compliance with the law, and students are strongly discouraged
4 from attending these institutions.”

5 SEC. 14. Section 94878 of the Education Code is amended to
6 read:

7 94878. (a) ~~On or before June 30, 2010, the~~ The bureau shall
8 establish an Internet Web site that includes at least all of the
9 following information:

10 (1) An explanation of the bureau’s ~~transition plan for the~~
11 ~~reconstituted bureau and an explanation of the bureau’s~~ scope of
12 authority.

13 (2) (A) A directory of approved institutions, and a link, if
14 feasible, to the Internet Web site of each institution.

15 (B) For each institution, the directory shall be developed in a
16 manner that allows the user to search by institution and shall
17 include all of the following information:

18 (i) The status of the institution’s approval to operate.

19 (ii) The information provided by the ~~institutions~~ institutions,
20 including, but not limited to, the annual report, as required by
21 Section 94934, including the school catalog and the School
22 Performance Fact Sheet. The School Performance Fact Sheet shall
23 be maintained on the directory for at least five years after the date
24 of its submission to the bureau.

25 (iii) If a law school satisfies the requirements of this chapter
26 regarding a School Performance Fact Sheet by complying with
27 the requirements of Section 94910.5, the bureau shall include the
28 information provided by the institution pursuant to Section 94910.5
29 on its Internet Web site and shall maintain the information in the
30 same manner as required by clause (ii).

31 (iv) The disciplinary history of the institution, which shall
32 include, but shall not be limited to, all of the following:

33 (I) Pending formal accusations filed by the bureau.

34 (II) Suspensions, revocations, citations, fines, infractions,
35 probations, pending litigation filed by the bureau, and final
36 judgments resulting from litigation filed by the bureau.

37 (III) Pending or final *civil or* criminal cases filed by the Attorney
38 General, a city attorney, ~~a district attorney, or a federal law~~
39 ~~enforcement official, or a district attorney in this state, or filed in~~
40 *any state by an attorney general or a federal regulatory or*

1 *prosecutorial agency if the case would be actionable under*
2 *California or federal law, of which the bureau has received notice.*

3 (IV) Final administrative actions by the United State Department
4 of Education, including orders requiring restitution to students.

5 (V) ~~Final~~ All disciplinary actions *ordered* by an accreditation
6 agency, *including any order to show cause*, of which the bureau
7 has received notice pursuant to Section 94934 *or other information*
8 *otherwise publicly available of which the board has received*
9 *notice.*

10 (b) The bureau shall maintain the Internet Web site described
11 in subdivision (a). The bureau shall ensure that the information
12 specified in subdivision (a) is kept current. The bureau shall update
13 the Internet Web site at least annually, to coincide with the
14 submission of annual reports by the institutions pursuant to Section
15 94934.

16 ~~(e) In addition to maintaining the Internet Web site described~~
17 ~~in subdivision (a), the bureau shall provide the information~~
18 ~~described in paragraph (2) of subdivision (a) to the California~~
19 ~~Postsecondary Education Commission (CPEC), and the CPEC~~
20 ~~shall include that information in an Internet Web site directory of~~
21 ~~school performance data maintained by the CPEC. To the extent~~
22 ~~possible, the bureau shall provide this information consistent with~~
23 ~~the information collected for reporting to the Integrated~~
24 ~~Postsecondary Education Data System of the United States~~
25 ~~Department of Education, including institutional characteristics,~~
26 ~~completion, annual enrollment, and graduation rates.~~

27 (c) (1) *The bureau shall post on its Internet Web site a list of*
28 *all institutions that were denied approval to operate, after the*
29 *denial is final, and describe in clear and conspicuous language*
30 *the reason the institution was denied approval. The bureau shall*
31 *include with this list the statement provided in paragraph (2) on*
32 *its Internet Web site.*

33 (2) *“The following institutions were denied approval to operate*
34 *by the Bureau for Private Postsecondary Education for failing to*
35 *satisfy the standards relating to educational quality, or consumer*
36 *protection, or both. These unlicensed institutions are not operating*
37 *in compliance with the law, and students are strongly discouraged*
38 *from attending these institutions.”*

1 ~~SEC. 33.~~

2 ~~SEC. 15.~~ Section 94879 of the Education Code is amended to
3 read:

4 94879. The ~~board~~ *bureau* shall conduct an outreach program
5 to secondary school ~~students~~ *pupils* as well as prospective and
6 current private postsecondary students, to provide them with
7 information on how to best select a private postsecondary
8 institution, how to enter into enrollment agreements, how to make
9 informed decisions in the private postsecondary education
10 marketplace, and how to contact the ~~board~~ *bureau* for assistance.
11 The ~~board~~ *bureau* may accomplish the purposes of this section in
12 cooperation with other federal, state, or local entities, or any
13 combination of these entities.

14 ~~SEC. 34.~~ ~~Section 94880 of the Education Code is repealed.~~

15 ~~SEC. 16.~~ Section 94880 of the Education Code is amended to
16 read:

17 94880. (a) There is within the bureau a ~~12-member~~ *14-member*
18 advisory committee. On or before July 1, ~~2010~~ 2015, the members
19 of the committee shall be appointed as follows:

20 (1) Three members, who shall have a demonstrated record of
21 advocacy on behalf of consumers, of which the ~~Director of~~
22 ~~Consumer Affairs~~ *director*, the Senate Committee on Rules, and
23 the Speaker of the Assembly shall each appoint one member.

24 (2) Two members, who shall be current or past students of
25 institutions, appointed by the ~~Director of Consumer Affairs~~
26 *director*.

27 (3) Three members, who shall be representatives of institutions,
28 appointed by the ~~Director of Consumer Affairs~~ *director*.

29 ~~(4) Two members, which shall be employers that hire students,~~
30 ~~appointed by the Director of Consumer Affairs.~~

31 ~~(5)~~

32 (4) One public member appointed by the Senate Committee on
33 Rules.

34 ~~(6)~~

35 (5) One public member appointed by the Speaker of the
36 Assembly.

37 (6) *Four ex-officio members as follows:*

38 (A) *The chair, or the designee of the chair, of the policy*
39 *committee of the Assembly with jurisdiction over legislation*
40 *relating to the bureau, appointed by the Speaker of the Assembly.*

1 (B) *The chair, or the designee of the chair, of the policy*
2 *committee of the Senate with jurisdiction over legislation relating*
3 *to the bureau, appointed by the Senate Committee on Rules.*

4 (C) *One attorney employed in the consumer law section of the*
5 *Office of the Attorney General, to be appointed by the Attorney*
6 *General.*

7 (D) *A representative employed in the career and college*
8 *transition division of the State Department of Education, to be*
9 *appointed by the Superintendent of Public Instruction.*

10 (b) (1) *A public member shall not, either at the time of his or*
11 *her appointment or during his or her tenure in office, have any*
12 *financial interest in any organization currently or previously*
13 *subject to regulation by the bureau, be a close family member of*
14 *an employee, officer, or the director of any institution subject to*
15 *regulation by the bureau, or currently have, or previously have*
16 *had, a business relationship, in the five years preceding his or her*
17 *appointment, with any institution subject to regulation by the*
18 *bureau.*

19 (2) *A public member shall not, within the five years immediately*
20 *preceding his or her appointment, have engaged in pursuits on*
21 *behalf of an institution or institutional accreditor or have provided*
22 *representation to the postsecondary educational industry or a*
23 *profession regulated by the bureau, if he or she is employed in the*
24 *industry or a member of the profession, respectively, and he or*
25 *she shall not engage in those pursuits or provide that*
26 *representation during his or her term of office.*

27 (c) *The advisory committee shall examine the oversight functions*
28 *and operational policies of the bureau and advise the bureau with*
29 *respect to matters relating to private postsecondary education and*
30 *the administration of this chapter, including annually reviewing*
31 *the fee schedule and the equity of the schedule relative to the way*
32 *institutions are structured, ~~licensing~~, and the licensing and*
33 *enforcement provisions of this chapter. The advisory committee*
34 *shall make recommendations with respect to policies, practices,*
35 *and regulations relating to private postsecondary education, and*
36 *shall provide any assistance as may be requested by the bureau.*

37 ~~(e)~~

38 (d) *The bureau shall actively seek input from, and consult with,*
39 *the advisory committee regarding the development of regulations*
40 *to implement this chapter prior to the adoption, amendment, or*

1 *repeal of its regulations, and provide the advisory committee with*
2 *sufficient time to review and comment on those regulations. The*
3 *bureau shall take into consideration and respond to all feedback*
4 *provided by members of the advisory committee.*

5 *(e) The bureau chief shall attend all advisory committee*
6 *meetings and shall designate staff to provide ongoing*
7 *administrative support to the advisory committee.*

8 *(f) Until January 1, 2017, the director shall personally attend,*
9 *and testify and answer questions at, each meeting of the advisory*
10 *committee.*

11 *(g) The advisory committee shall have the same access to*
12 *records within the Department of Consumer Affairs related to the*
13 *operation and administration of this chapter as do members of*
14 *constituent boards of the department in regard to records related*
15 *to their functions.*

16 *(h) Advisory committee meetings shall be subject to the*
17 *Bagley-Keene Open Meetings Act. Advisory committee meeting*
18 *materials shall be posted on the Internet.*

19 *(i) The advisory committee shall meet at least quarterly and*
20 *shall appoint a member of the committee to represent the committee*
21 *for purposes of communicating with the Legislature.*

22 *(j) The Department of Consumer Affairs shall review, and revise*
23 *if necessary, the department's conflicts of interest regulations to*
24 *ensure that each advisory committee member is required to disclose*
25 *conflicts of interest to the public.*

26 ~~SEC. 35.~~

27 ~~SEC. 17.~~ Section ~~94880~~ 94880.1 is added to the Education
28 Code, to read:

29 ~~94880.~~

30 94880.1. (a) (1) ~~The board~~ bureau shall establish a task force
31 *no later than March 1, 2015, to determine review standards for*
32 *educational and training programs specializing in innovative*
33 *subject matters and instructing students in high-demand technology*
34 *fields for which there is a demonstrated shortage of skilled*
35 *employees. The members of the task force may include*
36 *postsecondary education experts, owners of institutions, consumer*
37 *advocates focused on education, high technology employers,*
38 *students of short-term focused high technology training programs,*
39 *and providers of high technology training in subjects including,*

1 but not necessarily limited to, programming, software development,
2 computer science, and coding.

3 (2) *At least two members of the task force shall be members of*
4 *the advisory committee. One of these members shall serve as chair*
5 *of the task force.*

6 (3) *The task force shall transmit a report with its*
7 *recommendations and findings to the advisory committee no later*
8 *than January 1, 2016. The task force's report shall include, but*
9 *not necessarily be limited to, all of the following:*

10 (A) *Whether students attending institutions should receive*
11 *certain disclosures prior to enrolling in an educational program*
12 *offered by those institutions.*

13 (B) *Whether the means of reporting student outcomes and the*
14 *content of those reports are appropriate.*

15 (C) *The steps the state may take to promote the growth of*
16 *high-quality training programs in skills for high technology*
17 *occupations.*

18 (b) ~~(1) The board~~ *advisory committee shall review and approve,*
19 *modify, or reject the report prepared pursuant to paragraph (3)*
20 *of subdivision (a). The bureau shall provide a the approved report*
21 *to the Legislature regarding educational and training programs*
22 *subject to subdivision (a), and the institutions offering those*
23 *programs, no later than January July 1, 2016. The report shall*
24 *include the board's evaluation of all of the following:*

25 (A) ~~Whether students attending these institutions should receive~~
26 ~~certain disclosures prior to enrollment in a program.~~

27 (B) ~~Whether the means of reporting student outcomes and the~~
28 ~~content of those reports are appropriate.~~

29 (C) ~~Whether institutions that satisfy certain criteria should be~~
30 ~~regulated by the board and by this chapter.~~

31 (D) ~~The steps the board and the state may take to promote the~~
32 ~~growth of high-quality training programs in skills for high~~
33 ~~technology occupations.~~

34 (2) (A) The

35 (c) *The requirement for submitting a report imposed under this*
36 *subdivision is inoperative on January 1, 2019, 2017, pursuant to*
37 *Section 10231.5 of the Government Code.*

38 (B) A

1 (d) *The report to be submitted to the Legislature pursuant to*
2 ~~this subdivision (c) shall be submitted in compliance with Section~~
3 ~~9795 of the Government Code.~~

4 SEC. 36. Section 94881 of the Education Code is amended to
5 read:

6 ~~94881. The board may conduct workshops to provide applicants~~
7 ~~and institutions information on application processes, compliance~~
8 ~~with this chapter, best practices for providing postsecondary~~
9 ~~educational programs, and other subjects concerning postsecondary~~
10 ~~education.~~

11 SEC. 37. Section 94882 of the Education Code is amended to
12 read:

13 ~~94882. The board may empanel visiting committees to assist~~
14 ~~in evaluating an institution's application for an approval to operate.~~
15 ~~The members of visiting committees shall serve at no expense to~~
16 ~~the state, except that the board may reimburse the members of~~
17 ~~visiting committees for actual travel and per diem expenses~~
18 ~~incurred during the evaluation. The board may seek reimbursement~~
19 ~~for the travel and per diem costs from the institution that is the~~
20 ~~subject of an evaluation.~~

21 SEC. 38. Section 94883 of the Education Code is amended to
22 read:

23 ~~94883. (a) Any individual serving on a visiting committee~~
24 ~~who provides information to the board, or its staff, in the course~~
25 ~~of evaluating any institution, or who testifies in any administrative~~
26 ~~hearing arising under this chapter, is entitled to a defense and~~
27 ~~indemnification in any action arising out of the information or~~
28 ~~testimony provided as if he or she were a public employee.~~

29 ~~(b) Any defense and indemnification shall be solely with respect~~
30 ~~to the action pursuant to Article 4 (commencing with Section 825)~~
31 ~~of Chapter 1 of Part 2 of, and Part 7 (commencing with Section~~
32 ~~995) of Division 3.6 of Title 1 of, the Government Code.~~

33 SEC. 39. Section 94884 of the Education Code is amended to
34 read:

35 ~~94884. The board is subject to Section 27 of the Business and~~
36 ~~Professions Code.~~

37 SEC. 40.

38 SEC. 18. Section 94885 of the Education Code is amended to
39 read:

1 94885. (a) The ~~board~~ *bureau* shall adopt by regulation
2 minimum operating standards for an institution that shall
3 reasonably ensure that all of the following occur:

4 ~~(a)~~

5 (1) The content of each educational program can achieve its
6 stated objective.

7 ~~(b)~~

8 (2) The institution maintains specific written standards for
9 student admissions for each educational program and those
10 standards are related to the particular educational program.

11 ~~(c)~~

12 (3) The facilities, instructional equipment, and materials are
13 sufficient to enable students to achieve the educational program's
14 goals.

15 ~~(d)~~

16 (4) The institution maintains a withdrawal policy and provides
17 refunds.

18 ~~(e)~~

19 (5) The directors, administrators, and faculty are properly
20 qualified.

21 ~~(f)~~

22 (6) The institution is financially sound and capable of fulfilling
23 its commitments to students.

24 ~~(g)~~

25 (7) That, upon satisfactory completion of an educational
26 program, the institution gives students a document signifying the
27 degree or diploma awarded.

28 ~~(h)~~

29 (8) Adequate records and standard transcripts are maintained
30 and are available to students.

31 ~~(i)~~

32 (9) The institution is maintained and operated in compliance
33 with this chapter and all other applicable ordinances and laws.

34 ~~(j) (1) An~~

35 ~~institution offering a degree is accredited by an accrediting~~
36 ~~agency recognized by the United States Department of Education.~~

37 ~~(2) An unaccredited institution offering a degree that is approved~~
38 ~~to operate by the bureau as of January 1, 2015, shall have until~~
39 ~~January 1, 2016, to obtain and provide evidence of its candidacy~~
40 ~~or preaccreditation status with an accrediting agency recognized~~

1 by the United States Department of Education, and to obtain and
2 provide evidence of accreditation from that accrediting agency on
3 or before January 1, 2017.

4 (3) The board may, upon the submission of sufficient evidence
5 that an unaccredited institution is making strong progress toward
6 obtaining accreditation pursuant to paragraph (2), extend the
7 timeline for the institution beyond the timeline provided in
8 paragraph (2).

9 (b) Except as provided in Section 94855.1, an institution offering
10 a degree must satisfy one of the following requirements:

11 (i) Accreditation by an accrediting agency recognized by the
12 United States Department of Education, with the scope of that
13 accreditation covering the offering of at least one degree program
14 by the institution.

15 (ii) An accreditation plan, approved by the bureau, for the
16 institution to become fully accredited within five years of the
17 bureau's issuance of a provisional approval to operate to the
18 institution. The provisional approval to operate to an unaccredited
19 degree-offering institution shall be in compliance with Section
20 94885.5.

21 SEC. 19. Section 94885.1 is added to the Education Code, to
22 read:

23 94885.1. (a) An institution that is not accredited by an
24 accrediting agency recognized by the United States Department
25 of Education and offering at least one degree program, and that
26 has obtained an approval to operate from the bureau on or before
27 January 1, 2015, shall be required to satisfy at least one of the
28 following no later than July 1, 2015:

29 (1) Accreditation by an accrediting agency recognized by the
30 United States Department of Education, with the scope of that
31 accreditation covering the offering of at least one degree program
32 by the institution.

33 (2) Compliance with subdivision (b).

34 (b) The bureau shall identify institutions that are subject to
35 subdivision (a) and notify those institutions by February 1, 2015
36 of the accreditation requirements pursuant to this section and that
37 the institution is required provide the following information to the
38 bureau if the institution plans to continue to offer a degree program
39 after July 1, 2015:

1 (1) An accreditation plan that, at a minimum, identifies an
2 accrediting agency recognized by the United States Department
3 of Education from which the institution will seek accreditation,
4 with the scope of that accreditation covering the offering of at
5 least one degree program, and outlines the process by which the
6 institution will achieve accreditation candidacy or
7 pre-accreditation by July 1, 2017, and full accreditation by July
8 1, 2020.

9 (2) Evidence of having achieved accreditation candidacy or
10 pre-accreditation by July 1, 2017.

11 (3) Evidence of having obtained full accreditation by July 1,
12 2020.

13 (4) Any additional documentation the bureau deems necessary.

14 (c) An institution that satisfies the requirements of subdivision
15 (b) shall comply with all of the following:

16 (1) Notify students seeking to enroll in the institution, in writing,
17 prior to the execution of the student's enrollment agreement, that
18 the institution's approval to offer a degree program is contingent
19 upon the institution being subsequently accredited.

20 (2) A visiting committee, empaneled by the bureau pursuant to
21 Section 94882, shall review the institution by January 1, 2017,
22 and determine if the institution is likely to achieve full accreditation
23 by July 1, 2020. If the visiting committee finds the institution
24 deficient in its accreditation plan, the bureau may prohibit the
25 institution from enrolling new students in its degree program or
26 programs, and require the execution of a teach-out plan for its
27 enrolled students.

28 (d) Any institution that fails to comply with the requirements of
29 this section by the dates provided, as required, shall have its
30 approval to operate automatically suspended on the applicable
31 date. The bureau shall issue an order suspending the institution
32 and that suspension shall not be lifted until the institution complies
33 with the requirements of this section. A suspended institution shall
34 not enroll new students in any of its degree programs, and shall
35 execute a teach-out plan for its enrolled students.

36 (e) This section shall remain in effect until January 1, 2021,
37 and as of that date is repealed, unless a later enacted statute, that
38 is enacted before January 1, 2021, deletes or extends that date.

39 SEC. 20. Section 94885.5 is added to the Education Code, to
40 read:

1 94885.5. (a) *If an institution that has not been accredited by*
2 *an accrediting agency recognized by the United States Department*
3 *of Education seeks to offer one or more degree programs, the*
4 *institution shall satisfy the following requirements in order to be*
5 *issued a provisional approval to operate from the bureau:*

6 (1) *The institution may not offer more than two degree programs*
7 *during the term of its provisional approval to operate.*

8 (2) *The institution shall submit an accreditation plan, approved*
9 *by the bureau, for the institution to become fully accredited within*
10 *five years of issuance of its provisional approval to operate. The*
11 *plan shall include, at a minimum, identification of an accreditation*
12 *agency recognized by the United States Department of Education,*
13 *from which the institution plans to seek accreditation, and outline*
14 *the process by which the institution will achieve accreditation*
15 *candidacy or pre-accreditation within two years, and full*
16 *accreditation within five years, of issuance of its provisional*
17 *approval.*

18 (3) *The institution shall submit to the bureau all additional*
19 *documentation the bureau deems necessary to determine if the*
20 *institution will become fully accredited within five years of issuance*
21 *of its provisional approval to operate.*

22 (b) *If an institution is granted a provisional approval to operate*
23 *pursuant to subdivision (a), the following is required:*

24 (1) *Students seeking to enroll in that institution shall be notified*
25 *in writing by the institution, prior to the execution of the student's*
26 *enrollment agreement, that the institution's approval to operate*
27 *is contingent upon it being subsequently accredited.*

28 (2) *Within the first two years of issuance of the provisional*
29 *approval, a visiting committee, empaneled by the bureau pursuant*
30 *to Section 94882, shall review the institution's application for*
31 *approval and its accreditation plan, and make a recommendation*
32 *to the bureau regarding the institution's progress to achieving full*
33 *accreditation.*

34 (3) *The institution shall provide evidence of accreditation*
35 *candidacy or preaccreditation within two years of issuance of its*
36 *provisional approval, and evidence of accreditation within five*
37 *years of issuance of its provisional approval, with the scope of*
38 *that accreditation covering the offering of at least one degree*
39 *program.*

1 (c) An institution required to comply with this section that fails
2 to do so by the dates provided, as required, shall have its
3 provisional approval to operate automatically suspended on the
4 applicable date. The bureau shall issue an order suspending the
5 institution and that suspension shall not be lifted until the
6 institution complies with the requirements of this section. A
7 suspended institution shall not enroll new students in any of its
8 degree programs and shall execute a teach-out plan for its enrolled
9 students.

10 (d) An institution issued a provisional approval under this
11 section is required to comply with all other laws and regulations.

12 (e) The bureau shall adopt emergency regulations for purposes
13 of implementing this section. The adoption of these regulations
14 shall be deemed to be an emergency and necessary for the
15 immediate preservation of the public peace, health and safety, or
16 general welfare for purposes of Sections 11346.1 and 11349.6 of
17 the Government Code. These emergency regulations shall become
18 law through the regular rulemaking process within one year of
19 the enactment of this section.

20 ~~SEC. 41. Section 94887 of the Education Code is amended to~~
21 ~~read:~~

22 ~~94887. An approval to operate shall be granted only after an~~
23 ~~applicant has presented sufficient evidence to the board, and the~~
24 ~~board has independently verified the information provided by the~~
25 ~~applicant through site visits or other methods deemed appropriate~~
26 ~~by the board, that the applicant has the capacity to satisfy the~~
27 ~~minimum operating standards. The board shall deny an application~~
28 ~~for an approval to operate if the application does not satisfy those~~
29 ~~standards.~~

30 ~~SEC. 42.~~

31 ~~SEC. 21.~~ Section 94888 of the Education Code is amended to
32 read:

33 94888. (a) ~~The board~~ bureau shall adopt by regulation both
34 of the following:

35 (1) The process and procedures whereby an institution seeking
36 approval to operate may apply for and obtain an approval to
37 operate.

38 (2) The process and procedures governing the ~~board's~~ bureau's
39 approval and denial of applications for approval to operate,

1 including the process and procedures whereby an applicant for
2 which an application has been denied may appeal that denial.

3 (b) The ~~board~~ bureau shall, by regulation, establish both of the
4 following:

5 (1) A process for issuing a notification of a denial of an approval
6 to operate to an institution that submits an application for approval
7 to operate and for which that application is denied. The notification
8 of denial shall include a statement of reasons for the denial.

9 (2) Application processing goals and timelines to ensure an
10 institution that has submitted a complete application for approval
11 to operate has that application promptly reviewed for compliance
12 within 30 days of ~~board~~ bureau receipt of the application, or within
13 an appropriate timeline as determined by the ~~board~~ bureau. The
14 timelines shall ensure that an institution that has submitted a
15 complete and compliant application receives approval within 30
16 days of the application being deemed compliant by the ~~board~~,
17 bureau, or within an appropriate timeline as determined by the
18 ~~board~~ bureau.

19 ~~SEC. 43.~~

20 SEC. 22. Section 94890 of the Education Code is amended to
21 read:

22 94890. (a) (1) The ~~board~~ bureau shall grant an institution that
23 is accredited an approval to operate by means of its accreditation.

24 (2) The ~~board~~ bureau shall adopt by regulation the process and
25 procedures whereby an institution that is accredited may apply for
26 and obtain an approval by means of that accreditation. *The bureau*
27 *shall establish application processing goals and timelines to ensure*
28 *that an institution that has submitted a complete application for*
29 *approval to operate by means of its accreditation has that*
30 *application promptly reviewed for compliance within 30 days of*
31 *the bureau's receipt of the application or within an appropriate*
32 *timeline as determined by the bureau. The timelines shall ensure*
33 *that an institution that has submitted a complete and compliant*
34 *application receives approval within 30 days of the application*
35 *being deemed compliant by the bureau, or within an appropriate*
36 *timeline as determined by the bureau.*

37 (b) The term of an approval to operate pursuant to this section
38 shall be coterminous with the term of accreditation. Upon renewal
39 of the institution's accreditation, the institution shall submit

1 verification to the ~~board~~ *bureau*, on a form provided by the ~~board~~
2 *bureau*, that the institution's accreditation has been renewed.

3 (c) Institutions that are granted an approval to operate by means
4 of the institution's accreditation shall comply with all other
5 applicable requirements in this chapter.

6 ~~SEC. 44.~~

7 *SEC. 23.* Section 94891 of the Education Code is amended to
8 read:

9 94891. (a) The ~~board~~ *bureau* shall adopt by regulation the
10 process and procedures whereby an institution may obtain a
11 renewal of an approval to operate.

12 (b) To be granted a renewal of an approval to operate, the
13 institution shall demonstrate its continued capacity to meet the
14 minimum operating standards.

15 (c) (1) An institution that is denied renewal of an approval to
16 operate may file an appeal in accordance with the procedures
17 established by the ~~board~~ *bureau* pursuant to Section 94888.

18 (2) An institution that has filed an appeal of a denial of a renewal
19 application may continue to operate during the appeal process, but
20 must disclose in a written statement, approved by the ~~board~~;
21 *bureau*, to all current and prospective students, that the institution's
22 application for renewal of approval to operate was denied by the
23 ~~board~~ *bureau* because the ~~board~~ *bureau* determined the application
24 did not satisfy the requirements to operate in California, that the
25 institution is appealing the ~~board's~~ *bureau's* decision, and that
26 the loss of the appeal may result in the institution's closure.

27 (3) If the ~~board~~ *bureau* determines that the continued operation
28 of the institution during the appeal process poses a significant risk
29 of harm to students, the ~~board~~ *bureau* shall make an emergency
30 decision pursuant to its authority provided in Section 94938.

31 ~~SEC. 45.~~ Section 94892 of the Education Code is amended to
32 read:

33 94892. ~~If an agency of this state other than the board or of the~~
34 ~~federal government provides an approval to offer an educational~~
35 ~~program and the institution already has a valid approval to operate~~
36 ~~issued by the board, that agency's educational program approval~~
37 ~~may satisfy the requirements of this article without any further~~
38 ~~review by the board. The board may incorporate that educational~~
39 ~~program into the institution's approval to operate when the board~~

1 receives documentation signifying the conferral of the educational
2 program approval by that agency.

3 SEC. 46. Section 94893 of the Education Code is amended to
4 read:

5 94893. If an institution intends to make a substantive change
6 to its approval to operate, the institution shall receive prior
7 authorization from the board. Except as provided in subdivision
8 (a) of Section 94896, if the institution makes the substantive change
9 without prior board authorization, the institution's approval to
10 operate may be suspended or revoked.

11 SEC. 47. Section 94895 of the Education Code is amended to
12 read:

13 94895. The board shall adopt by regulation the process and
14 procedures whereby an institution shall seek authorization for
15 substantive changes to an approval to operate.

16 SEC. 48. Section 94896 of the Education Code is amended to
17 read:

18 94896. (a) An institution that has been granted an approval to
19 operate by means of accreditation shall only make a substantive
20 change in accordance with the institution's accreditation standards.

21 (b) The institution shall notify the board of the substantive
22 change on a form provided by the board.

23 SEC. 49. Section 94897 of the Education Code is amended to
24 read:

25 94897. An institution shall not do any of the following:

26 (a) Use, or allow the use of, any reproduction or facsimile of
27 the Great Seal of the State of California on a diploma.

28 (b) Promise or guarantee employment, or otherwise overstate
29 the availability of jobs upon graduation.

30 (c) Advertise concerning job availability, degree of skill, or
31 length of time required to learn a trade or skill unless the
32 information is accurate and not misleading.

33 (d) Advertise, or indicate in promotional material, without
34 including the fact that the educational programs are delivered by
35 means of distance education if the educational programs are so
36 delivered.

37 (e) Advertise, or indicate in promotional material, that the
38 institution is accredited, unless the institution has been accredited
39 by an accrediting agency.

1 ~~(f) Solicit students for enrollment by causing an advertisement~~
2 ~~to be published in “help wanted” columns in a magazine,~~
3 ~~newspaper, or publication, or use “blind” advertising that fails to~~
4 ~~identify the institution.~~

5 ~~(g) Offer to compensate a student to act as an agent of the~~
6 ~~institution with regard to the solicitation, referral, or recruitment~~
7 ~~of any person for enrollment in the institution, except that an~~
8 ~~institution may award a token gift to a student for referring an~~
9 ~~individual, provided that the gift is not in the form of money, no~~
10 ~~more than one gift is provided annually to a student, and the gift’s~~
11 ~~cost is not more than one hundred dollars (\$100).~~

12 ~~(h) Pay any consideration to a person to induce that person to~~
13 ~~sign an enrollment agreement for an educational program.~~

14 ~~(i) Use a name in any manner improperly implying any of the~~
15 ~~following:~~

16 ~~(1) The institution is affiliated with any government agency,~~
17 ~~public or private corporation, agency, or association if it is not, in~~
18 ~~fact, thus affiliated.~~

19 ~~(2) The institution is a public institution.~~

20 ~~(3) The institution grants degrees, if the institution does not~~
21 ~~grant degrees.~~

22 ~~(j) In any manner make an untrue or misleading change in, or~~
23 ~~untrue or misleading statement related to, a test score, grade or~~
24 ~~record of grades, attendance record, record indicating student~~
25 ~~completion, placement, employment, salaries, or financial~~
26 ~~information, including any of the following:~~

27 ~~(1) A financial report filed with the board.~~

28 ~~(2) Information or records relating to the student’s eligibility~~
29 ~~for student financial aid at the institution.~~

30 ~~(3) Any other record or document required by this chapter or~~
31 ~~by the board.~~

32 ~~(k) Willfully falsify, destroy, or conceal any document of record~~
33 ~~while that document of record is required to be maintained by this~~
34 ~~chapter.~~

35 ~~(l) Use the terms “approval,” “approved,” “approval to operate,”~~
36 ~~or “approved to operate” without stating clearly and conspicuously~~
37 ~~that approval to operate means compliance with state standards as~~
38 ~~set forth in this chapter. If the board has granted an institution~~
39 ~~approval to operate, the institution may indicate that the institution~~

1 is “authorized,” “licensed,” or “licensed to operate,” but may not
2 state or imply either of the following:

3 (1) ~~The institution or its educational programs are endorsed or~~
4 ~~recommended by the state or by the board.~~

5 (2) ~~The approval to operate indicates that the institution exceeds~~
6 ~~minimum state standards as set forth in this chapter.~~

7 (m) ~~Direct any individual to perform an act that violates this~~
8 ~~chapter, to refrain from reporting unlawful conduct to the board~~
9 ~~or another government agency, or to engage in any unfair act to~~
10 ~~persuade a student not to complain to the board or another~~
11 ~~government agency.~~

12 (n) ~~Compensate an employee involved in recruitment,~~
13 ~~enrollment, admissions, student attendance, or sales of educational~~
14 ~~materials to students on the basis of a commission, commission~~
15 ~~draw, bonus, quota, or other similar method related to the~~
16 ~~recruitment, enrollment, admissions, student attendance, or sales~~
17 ~~of educational materials to students, except as provided in~~
18 ~~paragraph (1) or (2):~~

19 (1) ~~If the educational program is scheduled to be completed in~~
20 ~~90 days or less, the institution shall pay compensation related to~~
21 ~~a particular student only if that student completes the educational~~
22 ~~program.~~

23 (2) ~~For institutions participating in the federal student financial~~
24 ~~aid programs, this subdivision shall not prevent the payment of~~
25 ~~compensation to those involved in recruitment, admissions, or the~~
26 ~~award of financial aid if those payments are in conformity with~~
27 ~~federal regulations governing an institution’s participation in the~~
28 ~~federal student financial aid programs.~~

29 (o) ~~Require a prospective student to provide personal contact~~
30 ~~information in order to obtain, from the institution’s Internet Web~~
31 ~~site, educational program information that is required to be~~
32 ~~contained in the school catalog or any information required~~
33 ~~pursuant to the consumer information requirements of Title IV of~~
34 ~~the federal Higher Education Act of 1965, and any amendments~~
35 ~~thereto.~~

36 (p) ~~Offer an associate, baccalaureate, master’s, or doctoral~~
37 ~~degree without disclosing to prospective students prior to~~
38 ~~enrollment whether the institution or the degree program is~~
39 ~~unaccredited and any known limitation of the degree, including,~~
40 ~~but not limited to, all of the following:~~

1 ~~(1) Whether a graduate of the degree program will be eligible~~
2 ~~to sit for the applicable licensure exam in California and other~~
3 ~~states.~~

4 ~~(2) A statement that reads: “A degree program that is~~
5 ~~unaccredited or a degree from an unaccredited institution is not~~
6 ~~recognized for some employment positions, including, but not~~
7 ~~limited to, positions with the State of California.”~~

8 ~~(3) That a student enrolled in an unaccredited institution is not~~
9 ~~eligible for federal financial aid programs.~~

10 ~~SEC. 50. Section 94898 of the Education Code is amended to~~
11 ~~read:~~

12 ~~94898. (a) An institution shall not merge classes unless all of~~
13 ~~the students have received the same amount of instruction. This~~
14 ~~subdivision does not prevent the placement of students, who are~~
15 ~~enrolled in different educational programs, in the same class if that~~
16 ~~class is part of each of the educational programs and the placement~~
17 ~~in a merged class will not impair the students’ learning of the~~
18 ~~subject matter of the class.~~

19 ~~(b) After a student has enrolled in an educational program, the~~
20 ~~institution shall not do either of the following:~~

21 ~~(1) Make any unscheduled suspension of any class unless caused~~
22 ~~by circumstances beyond the institution’s control.~~

23 ~~(2) Change the day or time during the period of attendance in~~
24 ~~which any class is offered to a day when the student is not~~
25 ~~scheduled to attend the institution or to a time that is outside of~~
26 ~~the range of time that the student is scheduled to attend the~~
27 ~~institution on the day for which the change is proposed unless at~~
28 ~~least 90 percent of the students who are enrolled consent to the~~
29 ~~change and the institution offers full refunds to the students who~~
30 ~~do not consent to the change. For the purpose of this paragraph,~~
31 ~~“range of time” means the period beginning with the time at which~~
32 ~~the student’s first scheduled class session for the day is set to start~~
33 ~~and ending with the time the student’s last scheduled class session~~
34 ~~for that day is set to finish.~~

35 ~~(c) If an institution enrolls a student in an educational program~~
36 ~~that is conducted at a specific site at the time of enrollment, the~~
37 ~~institution shall not convert the educational program to another~~
38 ~~method of delivery, such as by means of distance education. This~~
39 ~~subdivision does not apply to an educational program that also~~
40 ~~includes a distance education component, if the student is notified~~

1 during the enrollment process, in writing, that the program contains
2 a distance education component.

3 ~~(d) An institution shall not move the location of class instruction~~
4 ~~more than 25 miles from the location of instruction at the time of~~
5 ~~enrollment unless any of the following occur:~~

6 ~~(1) The institution discloses in writing to each student before~~
7 ~~enrollment in the educational program that the location of~~
8 ~~instruction will change after the educational program begins and~~
9 ~~the address of the new location.~~

10 ~~(2) The institution applies for, and the board grants, approval~~
11 ~~to change the location. The board shall grant the application within~~
12 ~~60 days if the board, after notice to affected students and an~~
13 ~~opportunity for them to be heard as prescribed by the board,~~
14 ~~concludes that the change in location would not be unfair or unduly~~
15 ~~burdensome to students. The board may grant approval to change~~
16 ~~the location subject to reasonable conditions, such as requiring the~~
17 ~~institution to provide transportation, transportation costs, or refunds~~
18 ~~to adversely affected students.~~

19 ~~(3) The institution offers a full refund to students enrolled in~~
20 ~~the educational program who do not voluntarily consent to the~~
21 ~~change.~~

22 ~~(4) An unforeseeable and unavoidable circumstance outside of~~
23 ~~the control of the institution requires the change in the location of~~
24 ~~instruction.~~

25 ~~SEC. 51. Section 94900.7 of the Education Code is amended~~
26 ~~to read:~~

27 ~~94900.7. The recordkeeping requirements of this article shall~~
28 ~~not apply to an institution that is accredited, if the recordkeeping~~
29 ~~requirements of the accrediting organization are substantially~~
30 ~~similar to the recordkeeping requirements of this article, as~~
31 ~~determined by the board.~~

32 ~~SEC. 52.~~

33 ~~SEC. 24. Section 94904 of the Education Code is amended to~~
34 ~~read:~~

35 ~~94904. (a) Before an ability-to-benefit student may execute~~
36 ~~an enrollment agreement, the institution shall have the student take~~
37 ~~an independently administered examination from the list of~~
38 ~~examinations prescribed as of July 1, 2012, by the United States~~
39 ~~Department of Education pursuant to Section 484(d) of the federal~~
40 ~~Higher Education Act of 1965 (20 U.S.C. Sec. 1070a et seq.). The~~

1 student shall not enroll unless the student achieves a score, as
2 specified by the United States Department of Education,
3 demonstrating that the student may benefit from the education and
4 training being offered.

5 (b) If the United States Department of Education does not have
6 a list of relevant examinations that pertain to the intended
7 occupational training, the ~~board~~ bureau may publish its own list
8 of acceptable examinations and required passing scores.

9 ~~SEC. 53.~~

10 SEC. 25. Section 94909 of the Education Code is amended to
11 read:

12 94909. (a) ~~Prior~~ Except as provided in subdivision (d), prior
13 to enrollment, an institution shall provide a prospective student,
14 either in writing or electronically, with a school catalog containing,
15 at a minimum, all of the following:

16 (1) The name, address, telephone number, and, if applicable,
17 Internet Web site address of the institution.

18 (2) Except as specified in Article 2 (commencing with Section
19 94802), a statement that the institution is a private institution and
20 that it is approved to operate by the board.

21 (3) The following statements:

22 (A) "Any questions a student may have regarding this catalog
23 that have not been satisfactorily answered by the institution may
24 be directed to the Board for Private Postsecondary Education at
25 (address), Sacramento, CA (ZIP Code), (Internet Web site address),
26 (telephone and fax numbers)."

27 (B) "As a prospective student, you are encouraged to review
28 this catalog prior to signing an enrollment agreement. You are also
29 encouraged to review the School Performance Fact Sheet, which
30 must be provided to you prior to signing an enrollment agreement."

31 (C) "A student or any member of the public may file a complaint
32 about this institution with the Board for Private Postsecondary
33 Education by calling (toll-free telephone number) or by completing
34 a complaint form, which can be obtained on the board's Internet
35 Web site (Internet Web site address)."

36 (4) The address or addresses where class sessions will be held.

37 (5) A description of the programs offered and a description of
38 the instruction provided in each of the courses offered by the
39 institution, the requirements for completion of each program,
40 including required courses, any final tests or examinations, any

1 required internships or externships, and the total number of credit
2 hours, clock hours, or other increments required for completion.

3 (6) If the educational program is designed to lead to positions
4 in a profession, occupation, trade, or career field requiring licensure
5 in this state, a notice to that effect and a list of the requirements
6 for eligibility for licensure.

7 (7) Information regarding the faculty and their qualifications.

8 (8) A detailed description of institutional policies in the
9 following areas:

10 (A) Admissions policies, including the institution's policies
11 regarding the acceptance of credits earned at other institutions or
12 through challenge examinations and achievement tests, admissions
13 requirements for ability-to-benefit students, and a list describing
14 any transfer or articulation agreements between the institution and
15 any other college or university that provides for the transfer of
16 credits earned in the program of instruction. If the institution has
17 not entered into an articulation or transfer agreement with any
18 other college or university, the institution shall disclose that fact.

19 (B) Cancellation, withdrawal, and refund policies, including an
20 explanation that the student has the right to cancel the enrollment
21 agreement and obtain a refund of charges paid through attendance
22 at the first class session, or the seventh day after enrollment,
23 whichever is later. The text shall also include a description of the
24 procedures that a student is required to follow to cancel the
25 enrollment agreement or withdraw from the institution and obtain
26 a refund consistent with the requirements of Article 13
27 (commencing with Section 94919).

28 (C) Probation and dismissal policies.

29 (D) Attendance policies.

30 (E) Leave-of-absence policies.

31 (9) The schedule of total charges for a period of attendance and
32 an estimated schedule of total charges for the entire educational
33 program.

34 (10) A statement reporting whether the institution participates
35 in federal and state financial aid programs, and if so, all consumer
36 information that is required to be disclosed to the student pursuant
37 to the applicable federal and state financial aid programs.

38 (11) A statement specifying that, if a student obtains a loan to
39 pay for an educational program, the student will have the
40 responsibility to repay the full amount of the loan plus interest,

1 less the amount of any refund, and that, if the student has received
2 federal student financial aid funds, the student is entitled to a refund
3 of the moneys not paid from federal student financial aid program
4 funds.

5 (12) A statement specifying whether the institution has a pending
6 petition in bankruptcy, is operating as a debtor in possession, has
7 filed a petition within the preceding five years, or has had a petition
8 in bankruptcy filed against it within the preceding five years that
9 resulted in reorganization under Chapter 11 of the United States
10 Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.).

11 (13) If the institution provides placement services, a description
12 of the nature and extent of the placement services.

13 (14) A description of the student's rights and responsibilities
14 with respect to the Student Tuition Recovery Fund. This statement
15 shall specify that it is a state requirement that a student who pays
16 his or her tuition is required to pay a state-imposed assessment for
17 the Student Tuition Recovery Fund. This statement shall also
18 describe the purpose and operation of the Student Tuition Recovery
19 Fund and the requirements for filing a claim against the Student
20 Tuition Recovery Fund.

21 (15) The following statement:

22
23 “NOTICE CONCERNING TRANSFERABILITY OF
24 CREDITS AND CREDENTIALS EARNED AT OUR
25 INSTITUTION

26 The transferability of credits you earn at (name of institution)
27 is at the complete discretion of an institution to which you
28 may seek to transfer. Acceptance of the (degree, diploma, or
29 certificate) you earn in (name of educational program) is also
30 at the complete discretion of the institution to which you may
31 seek to transfer. If the (credits or degree, diploma, or
32 certificate) that you earn at this institution are not accepted at
33 the institution to which you seek to transfer, you may be
34 required to repeat some or all of your coursework at that
35 institution. For this reason you should make certain that your
36 attendance at this institution will meet your educational goals.
37 This may include contacting an institution to which you may
38 seek to transfer after attending (name of institution) to
39 determine if your (credits or degree, diploma, or certificate)
40 will transfer.”

1
2 (16) A statement specifying whether the institution, or any of
3 its degree programs, are accredited by an accrediting agency
4 recognized by the United States Department of Education. If the
5 institution is unaccredited and offers an associate, baccalaureate,
6 master's, or doctoral degree, or is accredited and offers an
7 unaccredited program for an associate, baccalaureate, master's, or
8 doctoral degree, the statement shall disclose the known limitations
9 of the degree program, including, but not limited to, all of the
10 following:

11 (A) Whether a graduate of the degree program will be eligible
12 to sit for the applicable licensure exam in California and other
13 states.

14 (B) A degree program that is unaccredited or a degree from an
15 unaccredited institution is not recognized for some employment
16 positions, including, but not limited to, positions with the State of
17 California.

18 (C) That a student enrolled in an unaccredited institution is not
19 eligible for federal financial aid programs.

20 (b) If the institution has a general student brochure, the
21 institution shall provide that brochure to the prospective student
22 prior to enrollment. In addition, if the institution has a
23 program-specific student brochure for the program in which the
24 prospective student seeks to enroll, the institution shall provide
25 the program-specific student brochure to the prospective student
26 prior to enrollment.

27 (c) An institution shall provide the school catalog to any person
28 upon request. In addition, if the institution has student brochures,
29 the institution shall disclose the requested brochures to any
30 interested person upon request.

31 *(d) An accredited institution is not required to provide a School*
32 *Performance Fact Sheet to a prospective student who is not a*
33 *California resident, not residing in California at the time of his*
34 *or her enrollment, and enrolling in an accredited distance learning*
35 *degree program offered by the institution, if the institution complies*
36 *with all federal laws, the applicable laws of the state where the*
37 *student is located, and other appropriate laws, including, but not*
38 *limited to, consumer protection and student disclosure*
39 *requirements.*

~~SEC. 54.~~

SEC. 26. Section 94910 of the Education Code is amended to read:

94910. ~~Prior~~ *Except as provided in subdivision (d) of Section 94909 and Section 94910.5, prior to enrollment, an institution shall provide a prospective student with a School Performance Fact Sheet containing, at a minimum, the following information, as it relates to the educational program:*

(a) Completion rates, as calculated pursuant to Article 16 (commencing with Section 94928).

(b) Placement rates for each educational program, as calculated pursuant to Article 16 (commencing with Section 94928), if the educational program is designed to lead to, or the institution makes any express or implied claim related to preparing students for, a recognized career, occupation, vocation, job, or job title.

(c) License examination passage rates for programs leading to employment for which passage of a state licensing examination is required, as calculated pursuant to Article 16 (commencing with Section 94928).

(d) Salary or wage information, as calculated pursuant to Article 16 (commencing with Section 94928).

(e) If a program is too new to provide data for any of the categories listed in this subdivision, the institution shall state on its fact sheet: "This program is new. Therefore, the number of students who graduate, the number of students who are placed, or the starting salary you can earn after finishing the educational program are unknown at this time. Information regarding general salary and placement statistics may be available from government sources or from the institution, but is not equivalent to actual performance data."

(f) All of the following:

(1) A description of the manner in which the figures described in subdivisions (a) to (d), inclusive, are calculated or a statement informing the reader of where he or she may obtain a description of the manner in which the figures described in subdivisions (a) to (d), inclusive, are calculated.

(2) A statement informing the reader of where he or she may obtain from the institution a list of the employment positions determined to be within the field for which a student received

1 education and training for the calculation of job placement rates
2 as required by subdivision (b).

3 (3) A statement informing the reader of where he or she may
4 obtain from the institution a list of the objective sources of
5 information used to substantiate the salary disclosure as required
6 by subdivision (d).

7 (g) The following statements:

8 (1) "This fact sheet is filed with the Board for Private
9 Postsecondary Education. Regardless of any information you may
10 have relating to completion rates, placement rates, starting salaries,
11 or license exam passage rates, this fact sheet contains the
12 information as calculated pursuant to state law."

13 (2) "Any questions a student may have regarding this fact sheet
14 that have not been satisfactorily answered by the institution may
15 be directed to the Board for Private Postsecondary Education at
16 (address), Sacramento, CA (ZIP Code), (Internet Web site address),
17 (telephone and fax numbers)."

18 (h) If the institution participates in federal financial aid
19 programs, the most recent three-year cohort default rate reported
20 by the United States Department of Education for the institution
21 and the percentage of enrolled students receiving federal student
22 loans.

23 *(i) Data and information disclosed pursuant to subdivisions (a)*
24 *to (d), inclusive, is not required to include students who satisfy the*
25 *qualifications specified in subdivision (d) of Section 94909, but*
26 *an institution shall disclose whether the data, information, or both*
27 *provided in its fact sheet excludes students pursuant to this*
28 *subdivision. An institution shall not actively use data specific to*
29 *the fact sheet in its recruitment materials or other recruitment*
30 *efforts of students who are not California residents and do not*
31 *reside in California at the time of their enrollment.*

32 ~~SEC. 55. Section 94911 of the Education Code is amended to~~
33 ~~read:~~

34 ~~94911. An enrollment agreement shall include, at a minimum,~~
35 ~~all of the following:~~

36 ~~(a) The name of the institution and the name of the educational~~
37 ~~program, including the total number of credit hours, clock hours,~~
38 ~~or other increment required to complete the educational program.~~

39 ~~(b) A schedule of total charges, including a list of any charges~~
40 ~~that are nonrefundable and the student's obligations to the Student~~

1 Tuition Recovery Fund, clearly identified as nonrefundable
2 charges.

3 (e) In underlined capital letters on the same page of the
4 enrollment agreement in which the student's signature is required,
5 the total charges for the current period of attendance, the estimated
6 total charges for the entire educational program, and the total
7 charges the student is obligated to pay upon enrollment.

8 (d) A clear and conspicuous statement that the enrollment
9 agreement is legally binding when signed by the student and
10 accepted by the institution.

11 (e) (1) A disclosure with a clear and conspicuous caption,
12 "STUDENT'S RIGHT TO CANCEL," under which it is explained
13 that the student has the right to cancel the enrollment agreement
14 and obtain a refund of charges paid through attendance at the first
15 class session, or the seventh day after enrollment, whichever is
16 later.

17 (2) The disclosure shall contain the institution's refund policy
18 and a statement that, if the student has received federal student
19 financial aid funds, the student is entitled to a refund of moneys
20 not paid from federal student financial aid program funds.

21 (3) The text shall also include a description of the procedures
22 that a student is required to follow to cancel the enrollment
23 agreement or withdraw from the institution and obtain a refund.

24 (f) A statement specifying that, if the student obtains a loan to
25 pay for an educational program, the student will have the
26 responsibility to repay the full amount of the loan plus interest,
27 less the amount of any refund.

28 (g) A statement specifying that, if the student is eligible for a
29 loan guaranteed by the federal or state government and the student
30 defaults on the loan, both of the following may occur:

31 (1) The federal or state government or a loan guarantee agency
32 may take action against the student, including applying any income
33 tax refund to which the person is entitled to reduce the balance
34 owed on the loan.

35 (2) The student may not be eligible for any other federal student
36 financial aid at another institution or other government assistance
37 until the loan is repaid.

38 (h) The transferability disclosure that is required to be included
39 in the school catalog, as specified in paragraph (15) of subdivision
40 (a) of Section 94909.

~~(i) (1) The following statement: “Prior to signing this enrollment agreement, you must be given a catalog or brochure and a School Performance Fact Sheet, which you are encouraged to review prior to signing this agreement. These documents contain important policies and performance data for this institution. This institution is required to have you sign and date the information included in the School Performance Fact Sheet relating to completion rates, placement rates, license examination passage rates, salaries or wages, and the most recent three-year cohort default rate, if applicable, prior to signing this agreement.”~~

~~(2) Immediately following the statement required by paragraph (1), a line for the student to initial, including the following statement: “I certify that I have received the catalog, School Performance Fact Sheet, and information regarding completion rates, placement rates, license examination passage rates, salary or wage information, and the most recent three-year cohort default rate, if applicable, included in the School Performance Fact Sheet, and have signed, initialed, and dated the information provided in the School Performance Fact Sheet.”~~

~~(j) The following statements:~~

~~—~~

~~(1) “Any questions a student may have regarding this enrollment agreement that have not been satisfactorily answered by the institution may be directed to the Board for Private Postsecondary Education at (address), Sacramento, CA (ZIP Code), (Internet Web site address), (telephone and fax numbers).”~~

~~—~~

~~(2) “A student or any member of the public may file a complaint about this institution with the Board for Private Postsecondary Education by calling (toll-free telephone number) or by completing a complaint form, which can be obtained on the board’s Internet Web site (Internet Web site address).”~~

~~—~~

~~(k) The following statement above the space for the student’s signature:~~

~~—~~

~~“I understand that this is a legally binding contract. My signature below certifies that I have read, understood, and agreed to my rights and responsibilities, and that the~~

1 institution's cancellation and refund policies have been clearly
2 explained to me.”

3 —

4 SEC. 56. Section 94913 of the Education Code is amended to
5 read:

6 94913. ~~(a) An institution that maintains an Internet Web site~~
7 ~~shall provide on that Internet Web site all of the following:~~

8 ~~(1) The school catalog.~~

9 ~~(2) A School Performance Fact Sheet for each educational~~
10 ~~program offered by the institution.~~

11 ~~(3) Student brochures offered by the institution.~~

12 ~~(4) A link to the board's Internet Web site.~~

13 ~~(5) The institution's most recent annual report submitted to the~~
14 ~~board.~~

15 ~~(b) An institution shall include information concerning where~~
16 ~~students may access the board's Internet Web site anywhere the~~
17 ~~institution identifies itself as being approved by the board.~~

18 SEC. 57. Section 94920 of the Education Code is amended to
19 read:

20 94920. ~~An institution that does not participate in the federal~~
21 ~~student financial aid programs shall do all of the following:~~

22 ~~(a) The institution shall advise each student that a notice of~~
23 ~~cancellation shall be in writing, and that a withdrawal may be~~
24 ~~effectuated by the student's written notice or by the student's~~
25 ~~conduct, including, but not necessarily limited to, a student's lack~~
26 ~~of attendance.~~

27 ~~(b) Institutions shall refund 100 percent of the amount paid for~~
28 ~~institutional charges, less a reasonable deposit or application fee~~
29 ~~not to exceed two hundred fifty dollars (\$250), if notice of~~
30 ~~cancellation is made through attendance at the first class session,~~
31 ~~or the seventh day after enrollment, whichever is later.~~

32 ~~(c) The board may adopt by regulation a different method of~~
33 ~~calculation for instruction delivered by other means, including,~~
34 ~~but not necessarily limited to, distance education.~~

35 ~~(d) The institution shall have a refund policy for the return of~~
36 ~~unearned institutional charges if the student cancels an enrollment~~
37 ~~agreement or withdraws during a period of attendance. The refund~~
38 ~~policy for students who have completed 60 percent or less of the~~
39 ~~period of attendance shall be a pro rata refund.~~

1 ~~(e) The institution shall pay or credit refunds within 45 days of~~
2 ~~a student's cancellation or withdrawal.~~

3 ~~SEC. 58. Section 94921 of the Education Code is amended to~~
4 ~~read:~~

5 ~~94921. An institution offering an educational program for~~
6 ~~which the refund calculations set forth in this article cannot be~~
7 ~~utilized because of the unique way in which the educational~~
8 ~~program is structured, may petition the board for an alternative~~
9 ~~method of calculating tuition refunds.~~

10 ~~SEC. 27. Section 94916 of the Education Code is amended to~~
11 ~~read:~~

12 ~~94916. An institution extending credit or lending money to an~~
13 ~~individual for institutional and noninstitutional charges for an~~
14 ~~educational program shall cause any note, instrument, or other~~
15 ~~evidence of indebtedness taken in connection with that extension~~
16 ~~of credit or loan to be conspicuously marked on its face in at least~~
17 ~~12-point type with the following notice:~~

18
19 ~~“NOTICE~~

20 ~~YOU MAY ASSERT AGAINST THE HOLDER OF THE~~
21 ~~PROMISSORY NOTE YOU SIGNED IN ORDER TO~~
22 ~~FINANCE THE COST OF THE EDUCATIONAL~~
23 ~~PROGRAM ALL OF THE CLAIMS AND DEFENSES THAT~~
24 ~~YOU COULD ASSERT AGAINST THIS INSTITUTION,~~
25 ~~UP TO THE AMOUNT YOU HAVE ALREADY PAID~~
26 ~~UNDER THE PROMISSORY NOTE.”~~

27 ~~“Notice~~

28 ~~*You may assert against the holder of the promissory note you*~~
29 ~~*signed in order to finance the cost of the educational program all*~~
30 ~~*of the claims and defenses that you could assert against this*~~
31 ~~*institution, up to the amount you have already paid under the*~~
32 ~~*promissory note.”*~~

33
34 ~~SEC. 59.~~

35 ~~SEC. 28. Section 94923 of the Education Code is amended to~~
36 ~~read:~~

37 ~~94923. (a) The Student Tuition Recovery Fund relieves or~~
38 ~~mitigates economic loss suffered by a student while enrolled in an~~
39 ~~educational program, as defined in Section 94837, at a nonexempt~~
40 ~~an institution under not exempt from this article pursuant to Article~~

1 4 (commencing with Section 94874), ~~as a result of the institution's~~
2 ~~violation of law~~ who, at the time of his or her enrollment, was a
3 California resident or was enrolled in a California residency
4 program, prepaid tuition, and suffered economic loss.

5 (b) The ~~board~~ bureau shall adopt by regulation procedures
6 governing the administration and maintenance of the Student
7 Tuition Recovery Fund, including requirements relating to
8 assessments on students and student claims against the Student
9 Tuition Recovery Fund. The regulations shall provide for awards
10 to students who suffer economic loss.

11 The regulations shall ensure that the following students, and any
12 other students deemed appropriate, are eligible for payment from
13 the Student Tuition Recovery Fund:

14 ~~(1) In the event of a school closure, a student who attended the~~
15 ~~institution~~

16 (1) Any student who was enrolled at an institution, at a location
17 of the institution, or in an educational program offered by the
18 institution, at the time that institution, location, or program was
19 closed or discontinued, as applicable, who did not choose to
20 participate in a teach-out plan approved by the bureau or did not
21 complete a chosen teach-out plan approved by the bureau.

22 (2) Any student who was enrolled at an institution or a location
23 of the institution within ~~120 days of the 120-day period before the~~
24 ~~closure, or within a different period prior to the closure as~~
25 ~~determined by the board~~ closure of the institution or location of
26 the institution, or who was enrolled in an educational program
27 within the 120-day period before the program was discontinued,
28 if the bureau determines there was a significant decline in the
29 quality or value of that educational program during that time
30 period.

31 ~~(2)~~

32 (3) Any student who was enrolled at an institution or a location
33 of the institution more than 120 days before the closure of the
34 institution or location of the institution, in an educational program
35 offered by the institution as to which the bureau determines there
36 was a significant decline in the quality or value of the program
37 more than 120 days before closure.

38 (4) A student to whom an institution has been ordered to pay a
39 refund by the ~~board~~ bureau but has failed to do so, ~~unless the~~

1 student chose to participate in a teach-out plan approved by the
2 board so.

3 (5) A student to whom an institution has failed to pay or
4 reimburse loan proceeds under a federal student loan program as
5 required by law, or has failed to pay or reimburse proceeds
6 received by the institution in excess of tuition and other costs.

7 ~~(3) Students who have~~

8 (6) A student who has been awarded restitution, ~~refunds a~~
9 ~~refund, or other monetary awards award~~ by an arbitrator or court,
10 based on a violation of law, ~~this chapter by an institution or~~
11 ~~representative of an institution, but who have~~ has been unable to
12 collect the ~~award from the institution. award from the institution.~~
13 The board bureau shall review the award or judgment to verify a
14 violation of law, and shall ensure the amount of the award to be
15 paid from the fund does not exceed the student's economic loss.

16 ~~(4) Students whose programs have been discontinued at the~~
17 ~~campus they attend before they are able to complete the program.~~

18 ~~(e) Students who suffered losses due to an institution's violation~~
19 ~~of this act, as determined by the board, shall be eligible for payment~~
20 ~~from the Student Tuition Recovery Fund.~~

21 (c) Any student who is required to pay a Student Tuition
22 Recovery Fund assessment who pays tuition equal to or greater
23 than the required assessment shall be deemed to have paid the
24 required assessment, whether or not his or her enrollment
25 agreement specifies collection of the required assessment, and
26 whether or not the institution identifies any money collected from
27 the student as a Student Tuition Recovery Fund assessment.

28 (d) The bureau shall establish regulations ensuring, as
29 permissible under California law, that a student who suffers
30 educational opportunity losses, whose charges are paid by a
31 third-party payer, is eligible for educational credits under the
32 fund.

33 ~~(d)~~

34 (e) The board bureau may seek repayment to the Student Tuition
35 Recovery Fund from an institution found in violation of the law
36 for which a student claim was paid. An institution shall not be
37 eligible to renew its approval to operate with the bureau if the
38 repayment is not made to the bureau as requested.

39 ~~(e) For purposes of this article, "economic loss" means~~

(f) *The bureau shall, by regulation, define “economic loss.” The regulation shall ensure that the definition of “economic loss” includes, but is not necessarily limited to, pecuniary loss, which is the sum of the student’s tuition, all other institutional charges as defined in Section 94844, the cost of equipment and materials required for the educational program as defined in Section 94837, and interest on any student loan used to pay for such charges, collection costs, and penalties, and any license or examination fees the student paid to the institution but is unable to recover.* Economic loss shall also include the amount the institution collected and failed to pay to third parties on behalf of the student for license fees or any other purpose. Economic loss does not include Student Tuition Recovery Fund assessments, *unless the student is entitled to a full refund under Section 94919 or 94920, room and board, supplies, transportation, application fees, or nonpecuniary damages such as inconvenience, aggravation, emotional distress, or punitive damages. Economic loss does not include legal fees, attorney fees, court costs, or arbitration fees. Nothing in this subdivision shall prevent the bureau from further defining economic loss to include loss of educational opportunity.*

~~SEC. 60.~~

SEC. 29. Section 94924 of the Education Code is amended to read:

94924. (a) *The bureau shall determine the amount of Student Tuition Recovery Fund assessments to be collected for each student.*

(b) All assessments collected pursuant to this article shall be credited to the Student Tuition Recovery Fund, along with any accrued interest, for the purpose of this article. Notwithstanding Section 13340 of the Government Code, the moneys in the Student Tuition Recovery Fund are continuously appropriated to the ~~board~~ bureau, without regard to fiscal year, for the purposes of this article.

(c) *Except when an institution provides a full refund pursuant to Section 94919 or Section 94920, the Student Tuition Recovery Fund assessment is nonrefundable.*

SEC. 30. Section 94925 of the Education Code is amended to read:

1 94925. (a) The amount in the Student Tuition Recovery Fund
2 shall not exceed twenty-five million dollars (\$25,000,000) at any
3 time.

4 (b) *If the bureau has temporarily stopped collecting the Student*
5 *Tuition Recovery Fund assessments because the fund has*
6 *approached the twenty-five million dollar limit in subdivision (a),*
7 *the bureau shall resume collecting Student Tuition Recovery Fund*
8 *assessments when the fund falls below twenty million dollars*
9 *(\$20,000,000).*

10 (c) *An otherwise eligible student who enrolled during a period*
11 *when institutions were not required to collect Student Tuition*
12 *Recovery Fund assessments is eligible for Student Tuition Recovery*
13 *Fund payments despite not having paid any Student Tuition*
14 *Recovery Fund assessment.*

15 ~~SEC. 61. Section 94926 of the Education Code is amended to~~
16 ~~read:~~

17 ~~94926. At least 30 days prior to closing, an institution shall~~
18 ~~notify the board in writing of its intention to close. The notice shall~~
19 ~~be accompanied by a closure plan, which shall include, but not~~
20 ~~necessarily be limited to, all of the following:~~

21 ~~(a) A plan for providing teach-outs of educational programs,~~
22 ~~including any agreements with any other postsecondary educational~~
23 ~~institutions to provide teach-outs.~~

24 ~~(b) If no teach-out plan is contemplated, or for students who do~~
25 ~~not wish to participate in a teach-out, arrangements for making~~
26 ~~refunds within 45 days from the date of closure, or for institutions~~
27 ~~that participate in federal student financial aid programs~~
28 ~~arrangements for making refunds and returning federal student~~
29 ~~financial aid program funds.~~

30 ~~(c) If the institution is a participant in federal student financial~~
31 ~~aid programs, it shall provide students information concerning~~
32 ~~these programs and institutional closures.~~

33 ~~(d) A plan for the disposition of student records.~~

34 ~~SEC. 62. Section 94927 of the Education Code is amended to~~
35 ~~read:~~

36 ~~94927. An institution shall be considered in default of the~~
37 ~~enrollment agreement when an educational program is discontinued~~
38 ~~or canceled or the institution closes prior to completion of the~~
39 ~~educational program. When an institution is in default, student~~
40 ~~institutional charges may be refunded on a pro rata basis if the~~

board determines that the school has made provision for students enrolled at the time of default to complete a comparable educational program at another institution at no additional charge to the students beyond the amount of the total charges in the original enrollment agreement. If the institution does not make that provision, a total refund of all institutional charges shall be made to students.

SEC. 63. Section 94927.5 of the Education Code is amended to read:

94927.5. (a) Prior to closing, an institution shall provide the board with the following:

(1) Pertinent student records, including transcripts, as determined by the board, pursuant to regulations adopted by the board.

(2) If the institution is an accredited institution, a plan for the retention of records and transcripts, approved by the institution's accrediting agency, that provides information as to how a student may obtain a transcript or any other information about the student's coursework and degrees completed.

(b) Subdivision (a) applies to all private postsecondary institutions, including institutions that are otherwise exempt from this chapter pursuant to Article 4 (commencing with Section 94874).

SEC. 64. Section 94928 of the Education Code is amended to read:

94928. As used in this article, the following terms have the following meanings:

(a) "Cohort population" means the number of students that began a program on a cohort start date.

(b) "Cohort start date" means the first class day after the cancellation period during which a cohort of students attends class for a specific program.

(c) "Graduates" means the number of students who complete a program within 100 percent of the published program length. An institution may separately state completion information for students completing the program within 150 percent of the original contracted time, but that information may not replace completion information for students completing within the original scheduled time. Completion information shall be separately stated for each campus or branch of the institution.

1 ~~(d) “Graduates available for employment” means the number~~
2 ~~of graduates minus the number of graduates unavailable for~~
3 ~~employment.~~

4 ~~(e) (1) “Graduates employed in the field” means graduates who~~
5 ~~are gainfully employed in a single position for which the institution~~
6 ~~represents the program prepares its graduates within six months~~
7 ~~after a student completes the applicable educational program. For~~
8 ~~occupations for which the state requires passing an examination,~~
9 ~~the period of employment shall begin within six months of the~~
10 ~~announcement of the examination results for the first examination~~
11 ~~available after a student completes an applicable educational~~
12 ~~program.~~

13 ~~(2) The board shall define by July 1, 2014, specific measures~~
14 ~~and standards for determining whether a student is gainfully~~
15 ~~employed in a full-time or part-time position for which the~~
16 ~~institution represents the program prepares its graduates, including~~
17 ~~self-employment or conducting freelance work, and may set the~~
18 ~~standards for the hours per week and duration of employment and~~
19 ~~utilize any job classification methodology the board determines~~
20 ~~appropriate for this purpose, including, but not limited to, the~~
21 ~~United States Department of Labor’s Standard Occupational~~
22 ~~Classification codes.~~

23 ~~(3) This subdivision does not prohibit the board from authorizing~~
24 ~~an institution to aggregate single positions held by a graduate for~~
25 ~~purposes of meeting the hours per week standards established by~~
26 ~~the board.~~

27 ~~(f) “Graduates unavailable for employment” means graduates~~
28 ~~who, after graduation, die, become incarcerated, are called to active~~
29 ~~military duty, are international students that leave the United States~~
30 ~~or do not have a visa allowing employment in the United States,~~
31 ~~or are continuing their education at an accredited or board-approved~~
32 ~~postsecondary institution.~~

33 ~~(g) “Students available for graduation” means the cohort~~
34 ~~population minus the number of students unavailable for~~
35 ~~graduation.~~

36 ~~(h) “Students unavailable for graduation” means students who~~
37 ~~have died, been incarcerated, or called to active military duty.~~

38 ~~SEC. 65. Section 94929 of the Education Code is amended to~~
39 ~~read:~~

1 ~~94929. (a) An institution shall annually report to the board,~~
2 ~~as part of the annual report, and publish in its School Performance~~
3 ~~Fact Sheet, the completion rate for each program. Except as~~
4 ~~provided in subdivision (b), the completion rate shall be calculated~~
5 ~~by dividing the number of graduates by the number of students~~
6 ~~available for graduation.~~

7 ~~(b) In lieu of calculating graduation data pursuant to subdivision~~
8 ~~(a), an institution may report graduation data reported to, and~~
9 ~~calculated by, the Integrated Postsecondary Education Data System~~
10 ~~of the United States Department of Education.~~

11 ~~SEC. 66. Section 94929.5 of the Education Code is amended~~
12 ~~to read:~~

13 ~~94929.5. (a) An institution shall annually report to the board,~~
14 ~~as part of the annual report, and shall publish in its School~~
15 ~~Performance Fact Sheet, all of the following:~~

16 ~~(1) The job placement rate, calculated by dividing the number~~
17 ~~of graduates employed in the field by the number of graduates~~
18 ~~available for employment for each program that is either (1)~~
19 ~~designed, or advertised, to lead to a particular career, or (2)~~
20 ~~advertised or promoted with any claim regarding job placement.~~

21 ~~(2) The license examination passage rates for the immediately~~
22 ~~preceding two years for programs leading to employment for which~~
23 ~~passage of a state licensing examination is required, calculated by~~
24 ~~dividing the number of graduates who pass the examination by the~~
25 ~~number of graduates who take the licensing examination the first~~
26 ~~time that the examination is available after completion of the~~
27 ~~educational program. The institution shall use state agency~~
28 ~~licensing data to calculate license examination passage rates. If~~
29 ~~those data are unavailable, the institution shall calculate the license~~
30 ~~examination passage rate in a manner consistent with regulations~~
31 ~~adopted by the board.~~

32 ~~(3) Salary and wage information, consisting of the total number~~
33 ~~of graduates employed in the field and the annual wages or salaries~~
34 ~~of those graduates stated in increments of five thousand dollars~~
35 ~~(\$5,000).~~

36 ~~(4) If applicable, the most recent official three-year cohort~~
37 ~~default rate reported by the United States Department of Education~~
38 ~~for the institution and the percentage of enrolled students receiving~~
39 ~~federal student loans.~~

~~(b) Nothing in this section shall limit the board's authority to collect information from an institution to comply with this section and ensure, by regulation and other lawful means, that the information required by this section, and the manner in which it is collected and reported, is all of the following:~~

~~(1) Useful to students.~~

~~(2) Useful to policymakers.~~

~~(3) Based upon the most credible and verifiable data available.~~

~~(4) Does not impose undue compliance burdens on an institution.~~

~~SEC. 67. Section 94929.7 of the Education Code is amended to read:~~

~~94929.7. (a) The information used to substantiate the rates and information calculated pursuant to Sections 94929 and 94929.5 shall do both of the following:~~

~~(1) Be documented and maintained by the institution for five years from the date of the publication of the rates and information.~~

~~(2) Be retained in an electronic format and made available to the board upon request.~~

~~(b) An institution shall provide a list of employment positions used to determine the number of graduates employed in the field for purposes of calculating job placement rates pursuant to this article.~~

~~(c) The board shall identify the specific information that an institution is required to document and maintain to substantiate rates and information pursuant to this section.~~

~~SEC. 31. Section 94929.5 of the Education Code is amended to read:~~

~~94929.5. (a) An institution shall annually report to the bureau, as part of the annual report, and shall publish in its School Performance Fact Sheet, all of the following:~~

~~(1) The job placement rate, calculated by dividing the number of graduates employed in the field by the number of graduates available for employment for each program that is either (1) designed, or advertised, to lead to a particular career, or (2) advertised or promoted with any claim regarding job placement.~~

~~(2) The license examination passage rates for the immediately preceding two years for programs leading to employment for which passage of a state licensing examination is required, calculated by dividing the number of graduates who pass the examination by the number of graduates who take the licensing examination the first~~

time that the examination is available after completion of the educational program. The institution shall use state agency licensing data to calculate license examination passage rates. If those data are unavailable, the institution shall calculate the license examination passage rate in a manner consistent with regulations adopted by the bureau.

(3) Salary and wage information, consisting of the total number of graduates employed in the field and the annual wages or salaries of those graduates stated in increments of five thousand dollars (\$5,000).

(4) If applicable, the most recent official three-year cohort default rate reported by the United States Department of Education for the institution and the percentage of enrolled students receiving federal student loans.

(b) Nothing in this section shall limit the bureau's authority to collect information from an institution to comply with this section and ensure, by regulation and other lawful means, that the information required by this section, and the manner in which it is collected and reported, is all of the following:

- (1) Useful to students.
 - (2) Useful to policymakers.
 - (3) Based upon the most credible and verifiable data available.
 - (4) Does not impose undue compliance burdens on an institution.
- (c) *Data and information disclosed pursuant to paragraphs (1) to (3), inclusive, of subdivision (a) is not required to include students who satisfy the qualifications specified in subdivision (d) of Section 94909, but an institution shall disclose on its fact sheet and to the bureau whether its data, information, or both, excludes any students pursuant to this subdivision.*

~~SEC. 68. Section 94929.8 of the Education Code is amended to read:~~

~~94929.8. (a) The board shall establish, by regulation as specified in Section 94877, a uniform method for institutions to obtain statistically valid, current, and representative data to comply with this article.~~

~~(b) A violation of the regulations adopted pursuant to subdivision (a) is a material violation of this chapter.~~

~~SEC. 69.~~

~~SEC. 32. Section 94929.9 is added to the Education Code, to read:~~

1 94929.9. (a) ~~The board shall report to the Legislature, on or~~
2 ~~before October 1, 2015, on whether data reporting and disclosure~~
3 ~~requirements under the act may be appropriately consolidated with~~
4 ~~reporting required by other regulatory bodies, including, but not~~
5 ~~limited to, the United States Department of Education, the Student~~
6 ~~Aid Commission, or accrediting agencies. It is the intent of the~~
7 ~~Legislature that the same or similar data as is required to be~~
8 ~~reported to the board pursuant to this article shall be reported to~~
9 ~~students in a clear and conspicuous manner~~ *bureau shall consider*
10 *the graduate salary and other outcome data and reporting*
11 *requirements that are utilized by the United States Department of*
12 *Education, the Student Aid Commission, accrediting agencies, and*
13 *student advocate associations. The bureau shall consider the*
14 *reporting requirements of public postsecondary institutions in*
15 *California to evaluate the feasibility of adopting these reporting*
16 *requirements for private postsecondary institutions. The bureau*
17 *shall make recommendations to the Legislature, on or before*
18 *December 31, 2016, on how reporting requirements under this*
19 *chapter should be altered to ensure accurate, useful, and consistent*
20 *reporting by private postsecondary institutions to the bureau and*
21 *students.*

22 (b) *The bureau is authorized to enter into a personal services*
23 *contract with an appropriate independent contractor to assist in*
24 *the evaluation required by subdivision (a). In this connection, the*
25 *Legislature finds, pursuant to Section 19130 of the Government*
26 *Code, that this is a new state function.*

27 ~~(b)~~

28 (c) (1) A report to be submitted to the Legislature pursuant to
29 subdivision (a) shall be submitted in compliance with Section 9795
30 of the Government Code.

31 (2) Pursuant to Section 10231.5 of the Government Code, this
32 section is repealed January 1, ~~2019~~. 2017.

33 SEC. 70. ~~Section 94930 of the Education Code is amended to~~
34 ~~read:~~

35 94930. (a) ~~All fees collected pursuant to this article, including~~
36 ~~any interest on those fees, shall be deposited in the Private~~
37 ~~Postsecondary Education Administration Fund, and shall be~~
38 ~~available, upon appropriation by the Legislature, for expenditure~~
39 ~~by the board for the administration of this chapter.~~

1 ~~(b) If the board determines by regulation that the adjustment of~~
2 ~~the fees established by this article is consistent with the intent of~~
3 ~~this chapter, the board may adjust the fees. However, the board~~
4 ~~shall not maintain a reserve balance in the Private Postsecondary~~
5 ~~Education Administration Fund in an amount that is greater than~~
6 ~~the amount necessary to fund six months of authorized operating~~
7 ~~expenses of the board in any fiscal year.~~

8 ~~SEC. 71.~~

9 ~~SEC. 33.~~ Section 94930.5 of the Education Code is amended
10 to read:

11 94930.5. Subject to Section 94930, an institution shall remit
12 to the ~~board~~ *bureau* for deposit in the Private Postsecondary
13 Education Administration Fund the following fees, in accordance
14 with the following schedule:

15 (a) The following fees shall be remitted by an institution
16 submitting an application for an approval to operate, if applicable:

17 (1) Application fee for an approval to operate: five thousand
18 dollars (\$5,000).

19 (2) Application fee for the approval to operate a new branch of
20 the institution: three thousand dollars (\$3,000).

21 (3) Application fee for an approval to operate by means of
22 accreditation: seven hundred fifty dollars (\$750).

23 (b) The following fees shall be remitted by an institution seeking
24 a renewal of its approval to operate, if applicable:

25 (1) Renewal fee for the main campus of the institution: three
26 thousand five hundred dollars (\$3,500).

27 (2) Renewal fee for a branch of the institution: three thousand
28 dollars (\$3,000).

29 (3) Renewal fee for an institution that is approved to operate by
30 means of accreditation: five hundred dollars (\$500).

31 (c) The following fees shall apply to an institution seeking
32 authorization of a substantive change to its approval to operate, if
33 applicable:

34 (1) Processing fee for authorization of a substantive change to
35 an approval to operate: five hundred dollars (\$500).

36 (2) Processing fee in connection with a substantive change to
37 an approval to operate by means of accreditation: two hundred
38 fifty dollars (\$250).

(d) (1) In addition to any fees paid to the ~~board~~ *bureau* pursuant to subdivisions (a) to (c), inclusive, each institution that is approved to operate pursuant to this chapter shall remit both of the following:

(A) An annual institutional fee, in an amount equal to three-quarters of 1 percent of the institution's annual revenues derived from students in California, but not exceeding a total of twenty-five thousand dollars (\$25,000) annually.

(B) An annual branch fee of one thousand dollars (\$1,000) for each branch or campus of the institution operating in California.

(2) The amount of the annual fees pursuant to paragraph (1) shall be proportional to the ~~board's~~ *bureau's* cost of regulating the institution under this chapter.

~~SEC. 72.~~ Section 94931.5 of the Education Code is amended to read:

~~94931.5.~~ (a) The board may propose modifications to the fee schedule in Section 94930.5 to the Governor and the Legislature to add or delete categories of fees related to work performed by the board and propose to the Governor and the Legislature the maximum amount to be charged for each fee category added to the fee schedule. The fee schedule shall provide adequate resources for the board to effectively implement this chapter.

(b) ~~The board shall annually publish a schedule of the current fees to be charged pursuant to this article and shall make this schedule available to the public.~~

~~SEC. 73.~~ Section 94932 of the Education Code is amended to read:

~~94932.~~ The board shall determine an institution's compliance with the requirements of this chapter. The board shall have the power to require reports that institutions shall file with the board in addition to the annual report, to send staff to an institution's sites, and to require documents and responses from an institution to monitor compliance. When the board has reason to believe that an institution may be out of compliance, it shall conduct an investigation of the institution. If the board determines, after completing an investigation, that an institution has violated any applicable law or regulation, the board shall take appropriate action pursuant to this article.

~~SEC. 74.~~

~~SEC. 34.~~ Section 94932.5 of the Education Code is amended to read:

1 94932.5. (a) As part of its compliance program, the ~~board~~
2 *bureau* shall perform announced and unannounced inspections of
3 institutions at least every five years.

4 (b) On or before January 1, ~~2016~~, 2017, the ~~board~~ *bureau* shall
5 adopt regulations setting forth policies and practices to ensure that
6 student protections are the highest priority of inspections and that
7 inspections are conducted based on risk and potential harm to
8 students. The regulations shall also set forth policies and practices
9 for providing notice to students enrolled at an institution of the
10 results of each inspection of the institution.

11 SEC. 75. Section 94933 of the Education Code is amended to
12 read:

13 ~~94933. The board shall provide an institution with the~~
14 ~~opportunity to remedy noncompliance, impose fines, place the~~
15 ~~institution on probation, or suspend or revoke the institution's~~
16 ~~approval to operate, in accordance with this article, as it deems~~
17 ~~appropriate based on the severity of an institution's violations of~~
18 ~~this chapter, and the harm caused to students.~~

19 SEC. 76. Section 94933.5 of the Education Code is amended
20 to read:

21 ~~94933.5. As much as is practicable, the board shall seek to~~
22 ~~resolve instances of noncompliance, including the use of alternative~~
23 ~~dispute resolution procedures in Article 5 (commencing with~~
24 ~~Section 11420.10) of Chapter 4.5 of Part 1 of Division 3 of Title~~
25 ~~2 of the Government Code.~~

26 SEC. 77. Section 94934 of the Education Code is amended to
27 read:

28 94934. (a) As part of the compliance program, an institution
29 shall submit an annual report to the board, under penalty of perjury,
30 signed by a responsible corporate officer, by July 1 of each year,
31 or another date designated by the board, and it shall include the
32 following information for educational programs offered in the
33 reporting period:

34 (1) ~~The total number of students enrolled by level of degree or~~
35 ~~for a diploma.~~

36 (2) ~~The number of degrees, by level, and diplomas awarded.~~

37 (3) ~~The degree levels and diplomas offered.~~

38 (4) ~~The Student Performance Fact Sheet, as required pursuant~~
39 ~~to Section 94910.~~

40 (5) ~~The school catalog, as required pursuant to Section 94909.~~

~~(6) The total charges for each educational program by period of attendance.~~

~~(7) A statement indicating whether the institution is, or is not, current in remitting Student Tuition Recovery Fund assessments.~~

~~(8) A statement indicating whether an accrediting agency has taken any final disciplinary action against the institution.~~

~~(9) Additional information deemed by the board to be reasonably required to ascertain compliance with this chapter.~~

~~(b) The board shall prescribe the annual report's format and method of delivery.~~

~~SEC. 78. Section 94935 of the Education Code is amended to read:~~

~~94935. (a) Board staff who, during an inspection of an institution, detect a violation of this chapter, or regulations adopted pursuant to this chapter, that is a minor violation as determined by the board, pursuant to regulations, shall issue a notice to comply before leaving the institution. The board shall establish a voluntary informal appeal process, by regulation, within one year of the enactment of this chapter.~~

~~(b) An institution that receives a notice to comply shall have no more than 30 days from the date of inspection to remedy the noncompliance.~~

~~(c) Upon achieving compliance, the institution shall sign and return the notice to comply to the board.~~

~~(d) A single notice to comply shall be issued listing separately all the minor violations cited during the inspection.~~

~~(e) A notice to comply shall not be issued for any minor violation that is corrected immediately in the presence of the board staff. Immediate compliance may be noted in the inspection report, but the institution shall not be subject to any further action by the board.~~

~~(f) A notice to comply shall be the only means the board shall use to cite a minor violation discovered during an inspection. The board shall not take any other enforcement action specified in this chapter against an institution that has received a notice to comply if the institution remedies the violation within 30 days from the date of the inspection.~~

~~(g) If an institution that receives a notice to comply pursuant to subdivision (a) disagrees with one or more of the alleged minor violations listed in the notice to comply, an institution shall send~~

1 the board a written notice of disagreement. The agency may take
2 administrative enforcement action to seek compliance with the
3 requirements of the notice to comply.

4 (h) If an institution fails to comply with a notice to comply
5 within the prescribed time, the board shall take appropriate
6 administrative enforcement action.

7 SEC. 79.— Section 94936 of the Education Code is amended to
8 read:

9 94936. (a) As a consequence of an investigation, and upon a
10 finding that the institution has committed a violation of this chapter
11 or that the institution has failed to comply with a notice to comply
12 pursuant to Section 94935, the board shall issue a citation to an
13 institution for violation of this chapter, or regulations adopted
14 pursuant to this chapter.

15 (b) The citation may contain either or both of the following:

16 (1) An order of abatement that may require an institution to
17 demonstrate how future compliance with this chapter or regulations
18 adopted pursuant to this chapter will be accomplished.

19 (2) Notwithstanding Section 125.9 of the Business and
20 Professions Code, an administrative fine not to exceed five
21 thousand dollars (\$5,000) for each violation. The board shall base
22 its assessment of the administrative fine on:

23 (A) The nature and seriousness of the violation.

24 (B) The persistence of the violation.

25 (C) The good faith of the institution.

26 (D) The history of previous violations.

27 (E) The purposes of this chapter.

28 (F) The potential harm to students.

29 (c) (1) The citation shall be in writing and describe the nature
30 of the violation and the specific provision of law or regulation that
31 is alleged to have been violated.

32 (2) The citation shall inform the institution of its right to request
33 a hearing in writing within 30 days from service of the citation.

34 (3) If a hearing is requested, the board shall select an informal
35 hearing pursuant to Article 10 (commencing with Section
36 11445.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the
37 Government Code or a formal hearing pursuant to Chapter 5
38 (commencing with Section 11500) of Part 1 of Division 3 of Title
39 2 of the Government Code.

1 ~~(4) If a hearing is not requested, payment of the administrative~~
2 ~~fine is due 30 days from the date of service, and shall not constitute~~
3 ~~an admission of the violation charged.~~

4 ~~(5) If a hearing is conducted and payment of an administrative~~
5 ~~fine is ordered, the administrative fine is due 30 days from when~~
6 ~~the final order is entered.~~

7 ~~(6) The board may enforce the administrative fine as if it were~~
8 ~~a money judgment pursuant to Title 9 (commencing with Section~~
9 ~~680.010) of Part 2 of the Code of Civil Procedure.~~

10 ~~(d) All administrative fines shall be deposited in the Private~~
11 ~~Postsecondary Education Administration Fund.~~

12 ~~SEC. 80. Section 94937 of the Education Code is amended to~~
13 ~~read:~~

14 ~~94937. (a) As a consequence of an investigation, and upon a~~
15 ~~finding that an institution has committed a violation, the board~~
16 ~~may place an institution on probation or may suspend or revoke~~
17 ~~an institution's approval to operate for:~~

18 ~~(1) Obtaining an approval to operate by fraud.~~

19 ~~(2) A material violation or repeated violations of this chapter~~
20 ~~or regulations adopted pursuant to this chapter that have resulted~~
21 ~~in harm to students. For purposes of this paragraph, "material~~
22 ~~violation" includes, but is not limited to, misrepresentation, fraud~~
23 ~~in the inducement of a contract, and false or misleading claims or~~
24 ~~advertising, upon which a student reasonably relied in executing~~
25 ~~an enrollment agreement and that resulted in harm to the student.~~

26 ~~(b) The board shall adopt regulations governing probation and~~
27 ~~suspension of an approval to operate.~~

28 ~~(c) The board may seek reimbursement pursuant to Section~~
29 ~~125.3 of the Business and Professions Code.~~

30 ~~(d) An institution shall not be required to pay the cost of~~
31 ~~investigation to more than one agency.~~

32 ~~SEC. 81. Section 94938 of the Education Code is amended to~~
33 ~~read:~~

34 ~~94938. (a) If the board determines that it needs to make an~~
35 ~~emergency decision to protect students, prevent misrepresentation~~
36 ~~to the public, or prevent the loss of public funds or moneys paid~~
37 ~~by students, it may do so pursuant to Article 13 (commencing with~~
38 ~~Section 11460.10) of Chapter 4.5 of Part 1 of Division 3 of Title~~
39 ~~2 of the Government Code.~~

1 ~~(b) The board shall adopt regulations to give this section effect~~
2 ~~pursuant to Section 11460.20 of the Government Code.~~

3 ~~SEC. 82. Section 94939 of the Education Code is amended to~~
4 ~~read:~~

5 ~~94939. (a) The board may bring an action for equitable relief~~
6 ~~for any violation of this chapter. The equitable relief may include~~
7 ~~restitution, a temporary restraining order, the appointment of a~~
8 ~~receiver, and a preliminary or permanent injunction. The action~~
9 ~~may be brought in the county in which the defendant resides or in~~
10 ~~which any violation has occurred or may occur.~~

11 ~~(b) The remedies provided in this section supplement, and do~~
12 ~~not supplant, the remedies and penalties under other provisions of~~
13 ~~law.~~

14 ~~SEC. 83.~~

15 ~~SEC. 35. Section 94941 of the Education Code is amended to~~
16 ~~read:~~

17 ~~94941. (a) An individual who has cause to believe that an~~
18 ~~institution has violated this chapter, or regulations adopted pursuant~~
19 ~~to this chapter, may file a complaint with the board bureau against~~
20 ~~the institution. The complaint shall set forth the alleged violation,~~
21 ~~and shall contain any other information as may be required by the~~
22 ~~board bureau.~~

23 ~~(b) Taking into account the nature and seriousness of the alleged~~
24 ~~violation, the board shall take action to ascertain the facts and to~~
25 ~~verify the complaint. The action may include interviewing~~
26 ~~institution management, conducting an investigation, holding an~~
27 ~~informal hearing, or other appropriate investigative activity.~~

28 ~~(c) Upon the facts discovered, the board shall take appropriate~~
29 ~~administrative enforcement action.~~

30 ~~(d) If the board finds that an institution's violation of this chapter~~
31 ~~has caused damage or loss to a student or group of students, the~~
32 ~~board shall order the institution to provide appropriate restitution~~
33 ~~to that student or group of students.~~

34 ~~(e) The board shall establish a timeline by which complaints~~
35 ~~filed pursuant to this section shall be processed and establish~~
36 ~~procedures to prioritize complaints as follows:~~

37 ~~(1) "Urgent complaints" represent complaints regarding an~~
38 ~~immediate danger to the public health, safety, or welfare, and the~~
39 ~~board shall give these complaints the highest priority.~~

1 ~~(2) “High-priority complaints” include complaints that could~~
2 ~~potentially pose a danger, but pose no immediate danger, to the~~
3 ~~public health, safety, or welfare. The board shall give high-priority~~
4 ~~complaints less priority than urgent complaints but more priority~~
5 ~~than routine complaints.~~

6 ~~(3) “Routine complaints” are complaints that do not pose any~~
7 ~~significant risk of harm to the public health, safety, or welfare.~~

8 ***(b) To ensure that the bureau’s resources are maximized for***
9 ***the protection of the public, the bureau, in consultation with the***
10 ***advisory committee, shall establish priorities for its inspections***
11 ***and other investigative and enforcement resources to ensure that***
12 ***institutions representing the greatest threat of harm to the greatest***
13 ***number of students are identified and disciplined by the bureau***
14 ***or referred to the Attorney General.***

15 ***(c) In developing its priorities for inspection, investigation, and***
16 ***enforcement regarding institutions, the bureau shall consider as***
17 ***posing heightened risks the characteristics of the following***
18 ***institutions:***

19 ***(1) An institution that receives significant public resources,***
20 ***including an institution that receives more than 70 percent of its***
21 ***revenues from federal financial aid, state financial aid, financial***
22 ***aid for veterans, and other public student aid funds.***

23 ***(2) An institution with a large number of students defaulting on***
24 ***their federal loans, including an institution with a three-year cohort***
25 ***default rate above 15.5 percent.***

26 ***(3) An institution with reported placement rates, completion***
27 ***rates, or licensure rates in an educational program that are far***
28 ***higher or lower than comparable educational institutions or***
29 ***programs.***

30 ***(4) An institution that experiences a dramatic increase in***
31 ***enrollment, recently expanded educational programs or campuses,***
32 ***or recently consolidated campuses.***

33 ***(5) An institution that offers only nonremedial educational***
34 ***program courses in English, but enrolls students with limited or***
35 ***no English language proficiency.***

36 ***(6) An institution that has experienced a recent change of***
37 ***ownership or control, or a change in the business organization of***
38 ***the institution.***

39 ***(7) An institution with audited financial statements that do not***
40 ***satisfy the bureau’s requirements for financial stability.***

1 (8) *An institution that has recently been the subject of an*
2 *investigation, judgment, or regulatory action by, or a settlement*
3 *with, a governmental agency.*

4 (9) *An institution that experiences institutional or programmatic*
5 *accreditation restriction by an accreditor, government restriction*
6 *of, or injunction against, its approval to operate, or placement on*
7 *cash-reimbursement or heightened monitoring status by the United*
8 *States Department of Education.*

9 (d) *The bureau shall indicate in an annual report, to be made*
10 *publicly available on its Internet Web site, the number of temporary*
11 *restraining orders, interim suspension orders, and disciplinary*
12 *actions taken by the bureau, disaggregated by each priority*
13 *category established pursuant to subdivision (b).*

14 (e) *The bureau shall, in consultation with the advisory*
15 *committee, adopt regulations to establish categories of complaints*
16 *or cases that are to be handled on a priority basis. The priority*
17 *complaints or cases shall include, but not be limited to, those*
18 *alleging unlawful, unfair or fraudulent business acts or practices,*
19 *including unfair, deceptive, untrue, or misleading statements,*
20 *including all statements made or required to be made pursuant to*
21 *the requirements of this chapter, related to any of the following:*

22 (1) *Degrees, educational programs, or internships offered, the*
23 *appropriateness of available equipment for a program, or the*
24 *qualifications or experience of instructors.*

25 (2) *Job placement, graduation, time to complete an educational*
26 *program, or educational program or graduation requirements.*

27 (3) *Loan eligibility, terms, whether the loan is federal or private,*
28 *or default or forbearance rates.*

29 (4) *Passage rates on licensing or certification examinations or*
30 *whether an institution's degrees or educational programs provide*
31 *students with the necessary qualifications to take these exams and*
32 *qualify for professional licenses or certifications.*

33 (5) *Cost of an educational program, including fees and other*
34 *nontuition charges.*

35 (6) *Affiliation with or endorsement by any government agency,*
36 *or by any organization or agency related to the armed forces,*
37 *including, but not limited to, groups representing veterans.*

38 (7) *Terms of withdrawal and refunds from an institution.*

39 (8) *Payment of bonuses, commissions, or other incentives offered*
40 *by an institution to its employees or contractors.*

1 ~~SEC. 84. Section 94942 of the Education Code is amended to~~
2 ~~read:~~

3 ~~94942. (a) The board shall establish a toll-free telephone~~
4 ~~number staffed by a board employee by which a student or a~~
5 ~~member of the public may file a complaint under this chapter.~~

6 ~~(b) The board shall make a complaint form available on its~~
7 ~~Internet Web site. The board shall permit students and members~~
8 ~~of the public to file a complaint under this chapter through the~~
9 ~~board's Internet Web site.~~

10 ~~SEC. 85. Section 94943 of the Education Code is amended to~~
11 ~~read:~~

12 ~~94943. The following violations of this chapter are public~~
13 ~~offenses:~~

14 ~~(a) Knowingly operating a private postsecondary institution~~
15 ~~without an approval to operate is an infraction subject to the~~
16 ~~procedures described in Sections 19.6 and 19.7 of the Penal Code.~~

17 ~~(b) Knowingly providing false information to the board on an~~
18 ~~application for an approval to operate is an infraction subject to~~
19 ~~the procedures described in Sections 19.6 and 19.7 of the Penal~~
20 ~~Code.~~

21 ~~(c) Knowingly submitting, to the board, false information that~~
22 ~~is required to be reported pursuant to Article 16 (commencing with~~
23 ~~Section 94928) is an infraction subject to the procedures described~~
24 ~~in Sections 19.6 and 19.7 of the Penal Code.~~

25 ~~SEC. 86. Section 94943.5 of the Education Code is amended~~
26 ~~to read:~~

27 ~~94943.5. An institution shall designate and maintain an agent~~
28 ~~for service of process within this state, and provide the name,~~
29 ~~address, and telephone number of the agent to the board. The board~~
30 ~~shall furnish the agent's name, address, and telephone number to~~
31 ~~a person upon request.~~

32 ~~SEC. 87. Section 94944 of the Education Code is amended to~~
33 ~~read:~~

34 ~~94944. Notwithstanding any other provision of law, the board~~
35 ~~shall cite any person, and that person shall be subject to a fine not~~
36 ~~to exceed fifty thousand dollars (\$50,000), for operating an~~
37 ~~institution without proper approval to operate issued by the board~~
38 ~~pursuant to this chapter.~~

39 ~~SEC. 88. Section 94944.5 of the Education Code is amended~~
40 ~~to read:~~

1 ~~94944.5. Each institution subject to this chapter shall be deemed~~
2 ~~to have authorized its accrediting agency to provide the board, the~~
3 ~~Attorney General, any district attorney, city attorney, or the Student~~
4 ~~Aid Commission, within 30 days of written notice, copies of all~~
5 ~~documents and other material concerning the institution that are~~
6 ~~maintained by the accrediting agency.~~

7 ~~SEC. 89. Section 94944.6 of the Education Code is amended~~
8 ~~to read:~~

9 ~~94944.6. Within 30 days of receiving a written notice from the~~
10 ~~board, the Attorney General, district attorney, city attorney, or the~~
11 ~~Student Aid Commission pursuant to Section 94944.5, an~~
12 ~~accrediting agency shall provide the requesting entity with all~~
13 ~~documents or other material concerning an institution accredited~~
14 ~~by that agency that are designated specifically or by category in~~
15 ~~the written notice.~~

16 ~~SEC. 90.~~

17 ~~SEC. 36. Section 94945 of the Education Code is amended to~~
18 ~~read:~~

19 ~~94945. (a) This chapter does not limit or preclude the~~
20 ~~enforcement of rights or remedies under any other applicable statute~~
21 ~~or law.~~

22 ~~(b) This chapter does not limit or preclude the Attorney General,~~
23 ~~a district attorney, or a city attorney from taking any action~~
24 ~~otherwise authorized under any other applicable statute or law.~~

25 ~~(c) If the board bureau has reason to believe that an institution~~
26 ~~has engaged in a pattern or practice of violating the provisions of~~
27 ~~this chapter or any other applicable law that involves multiple~~
28 ~~students or other claimants, the board bureau shall contract with~~
29 ~~the Attorney General for investigative and prosecutorial services,~~
30 ~~as necessary.~~

31 ~~SEC. 37. Section 94947 is added to the Education Code, to~~
32 ~~read:~~

33 ~~94947. (a) Notwithstanding section 94874.2, an institution~~
34 ~~described in subdivision (i) of Section 94874 that satisfies all of~~
35 ~~the following requirements may claim an exemption from this~~
36 ~~chapter.~~

37 ~~(1) The institution has been accredited by an accrediting agency~~
38 ~~recognized by the United States Department of Education for at~~
39 ~~least 10 years, and has not been placed on probation or on a~~

1 greater level than standard monitoring, or sanctioned, by its
2 accrediting agency.

3 (2) The institution is headquartered in California and has
4 operated continuously in this state for at least 25 years.

5 (3) The institution is privately held and prior to its current
6 exemption, the institution was granted an approval to operate by
7 the Bureau for Private Postsecondary Education, or its predecessor
8 agency and has experienced no change of ownership since the
9 institution was last approved.

10 (4) During its existence, the institution has not filed for
11 bankruptcy protection.

12 (5) The institution maintains an equity ratio composite score
13 of at least 1.5 based on the current financial stability test.

14 (6) At least 15 percent of the institution's revenues are derived
15 from sources other than financial aid. For purposes of this
16 requirement, financial aid includes all forms of state or federal
17 student assistance, including, but not limited to, financial aid
18 provided to veterans and financial aid through the Cal Grant
19 Program.

20 (7) The institution's cohort default rate does not exceed 13
21 percent for the most recent three years, as published by the United
22 States Department of Education.

23 (8) The institution has a graduation rate that exceeds 60 percent,
24 as reported to the Integrated Postsecondary Education Data
25 System.

26 (9) The institution has not been subject to any legal or
27 regulatory actions by a state attorney general for a violation of
28 consumer protection laws that resulted in monetary settlement,
29 fines, or other documented violations.

30 (10) The institution provides a pro rata refund of unearned
31 institutional charges to students who complete 75 percent or less
32 of the period of attendance.

33 (11) The institution provides to all students the right to cancel
34 the enrollment agreement and obtain a refund of charges paid
35 through attendance at the second class session, or the 14th day
36 after enrollment, whichever is later.

37 (12) The institution complies with all other reasonable criteria,
38 necessary to ensure educational quality and protection of veterans,
39 established by the California State Approving Agency for Veterans
40 Education.

1 (13) *The institution verifies its exemption pursuant to Section*
2 *94874.1.*

3 (b) *An institution exempt from this chapter pursuant to this*
4 *section may apply to the bureau for an approval to operate*
5 *pursuant to section 94874.8*

6 (c) *It is the intent of the Legislature that if the exemption*
7 *provided in this section is declared by a court to be invalid for any*
8 *reason, the requirements of this chapter shall apply to an institution*
9 *that would otherwise be subject to receive this exemption.*

10 ~~SEC. 91.~~

11 SEC. 38. Section 94948 of the Education Code is amended to
12 read:

13 94948. In addition to any other reporting requirements under
14 this chapter, the ~~board~~ director shall provide ~~regular~~ written updates
15 to the Legislature ~~by participating every six months and shall~~
16 ~~participate in annual~~ all oversight hearings conducted by the
17 appropriate policy committees and budget subcommittees of the
18 Senate and Assembly. The updates shall describe the ~~board's~~
19 ~~bureau's~~ progress in ~~adopting and protecting consumers and~~
20 ~~enforcing regulations and~~ the provisions of this chapter.

21 ~~SEC. 92.~~

22 SEC. 39. Section 94949 of the Education Code is repealed.

23 ~~SEC. 93.~~

24 SEC. 40. Section 94949 is added to the Education Code, to
25 read:

26 94949. (a) The ~~board~~ director shall provide to the Legislature
27 a copy of an independent review of ~~its the bureau's~~ staffing
28 ~~resources, along with an~~ resources needs and requirements no
29 ~~later than March 15, 2015. The director shall include with this~~
30 ~~report an overview of how the board director intends to ensure its~~
31 ~~that the bureau's~~ staff are sufficiently qualified for purposes of
32 implementing the provisions of this chapter, and the estimated
33 costs of meeting staffing and other requirements to implement this
34 chapter, and the estimated fee revenue generated by the fee
35 structure as outlined in Section 94930.5, as of January 1, 2015,
36 ~~within 30 days of the completion of the independent review, but~~
37 ~~no later than March 15, 2015~~ chapter based on findings of the
38 independent review. The director shall include a brief evaluation
39 of whether the current fee structure is appropriate to satisfy those
40 staffing and other requirements.

1 ~~(b) The overview pursuant to subdivision (a) shall also include~~
2 ~~an examination of the annual fee structure, including whether the~~
3 ~~total fees paid by an institution should be subject to a maximum~~
4 ~~and whether there are more equitable ways to assess annual fees~~
5 ~~to an institution.~~

6 ~~(e)~~

7 (b) (1) A report to be submitted pursuant to subdivision (a)
8 shall be submitted in compliance with Section 9795 of the
9 Government Code.

10 (2) Pursuant to Section 10231.5 of the Government Code, this
11 section is repealed on January 1, ~~2019~~: 2017.

12 SEC. 41. Section 94949.5 is added to the Education Code, to
13 read:

14 94949.5. (a) The Legislature finds and declares all of the
15 following:

16 (1) Two bureaus have operated under the Department of
17 Consumer Affairs to regulate private postsecondary education,
18 one bureau from 1998 to 2007, inclusive, and one bureau since
19 2010. Numerous audits, analyses conducted by state agencies and
20 private entities, legislative investigations and public comment have
21 concluded that California oversight of private postsecondary
22 educational institutions has not adequately served the interests of
23 the public.

24 (2) The bureau collects substantial amounts of money annually
25 from institutions licensed under this chapter but lacks appropriate
26 spending authority and staffing to effectively implement this
27 chapter.

28 (3) California students and the economy benefit from
29 government oversight and regulations that result in access to
30 quality postsecondary education.

31 (4) Transparency in the bureau's functions, operations,
32 priorities, and organization will better assist the Legislature in
33 ensuring that the Department of Consumer Affairs and the bureau
34 are provided with the direction and resources necessary to
35 implement this chapter.

36 (b) The Secretary of Business, Consumer Services, and Housing,
37 in consultation with the Legislature, shall appoint a Bureau for
38 Private Postsecondary Education Monitor from a pool of qualified
39 candidates by January 1, 2016. The secretary may retain a person
40 for this position by a personal services contract. In this connection,

1 *the Legislature finds, pursuant to Section 19130 of the Government*
2 *Code, that this is a new state function.*

3 *(c) The Secretary shall advertise the availability of this position.*
4 *The requirements for this position shall include experience in*
5 *private postsecondary education, familiarity with state laws, rules,*
6 *and procedures pertaining to the bureau, familiarity with relevant*
7 *administrative law and procedure, administrative complaint*
8 *prioritization, processing, and investigation, and familiarity with*
9 *the Department of Consumer Affairs and its powers and*
10 *procedures. To assume this position, a candidate shall have a*
11 *record of student or consumer, or student and consumer,*
12 *representation or advocacy, and have no current investment in,*
13 *or be receiving personal remuneration from, any institution subject*
14 *to the bureau's regulations.*

15 *(d) (1) The monitor shall perform independent fact gathering*
16 *and data analysis functions by assessing the bureau's operations,*
17 *including its approvals to operate, applicant review, and complaint*
18 *and enforcement processes and procedures, with the primary goals*
19 *of improving the bureau's overall efficiency, effectiveness, and*
20 *compliance with state laws, particularly as relates to the bureau's*
21 *approval to operate, complaint, and enforcement processes.*

22 *(2) The monitor's duties shall include, but not necessarily be*
23 *limited to, evaluating relevant state laws, regulations, budgetary*
24 *actions, and processes to identify revisions that would improve*
25 *state regulation of private postsecondary institutions and student*
26 *and public protection.*

27 *(3) The monitor shall be provided findings from representatives*
28 *of the Bureau of State Audits, representatives of the Department*
29 *of Consumer Affairs's Internal Audit Office, and findings from other*
30 *organizations performing evaluations of the bureau. To the extent*
31 *feasible, the monitor shall utilize, but not duplicate, information*
32 *and recommendations provided by audits and reviews previously*
33 *conducted by the Department of Consumer Affairs, the bureau,*
34 *the Legislative Analyst's Office, and the Bureau of State Audits,*
35 *independent staffing resource reviews, and other relevant*
36 *information.*

37 *(4) The monitor shall exercise no authority over the bureau's*
38 *management or staff; however, the bureau and its staff shall*
39 *cooperate with the monitor, and shall provide all data, information,*
40 *and files as requested by the monitor to perform his or her duties.*

1 (5) *The director shall assist the monitor in the performance of*
2 *his or her duties, and the monitor shall have the same investigative*
3 *authority related to the bureau as the director.*

4 (e) *The monitor shall submit an initial written report of his or*
5 *her findings and conclusions to the Legislature no later than July*
6 *1, 2016, and shall be available to make oral reports to Legislative*
7 *committees if requested to do so. The monitor may also provide*
8 *additional information to the Legislature at his or her discretion*
9 *or at the request of the Legislature. The monitor's reports shall*
10 *be made available to the public and posted on the bureau's Internet*
11 *Web site. The monitor shall make every effort to provide the*
12 *Department of Consumer Affairs and the bureau with an*
13 *opportunity to reply to any facts, finding, issues, or conclusions*
14 *in his or her reports with which the department or the bureau may*
15 *disagree.*

16 (f) *The bureau shall reimburse the Business, Consumer Services*
17 *and Housing Agency for all of the costs associated with the*
18 *employment of the monitor.*

19 ~~SEC. 94.~~

20 SEC. 42. Section 94950 of the Education Code is amended to
21 read:

22 94950. This chapter shall remain in effect only until January
23 1, 2017, and as of that date is repealed, unless a later enacted
24 statute, that is enacted before January 1, 2017, deletes or extends
25 that date.

26 SEC. 43. *The sum of one hundred thirty thousand dollars*
27 *(\$130,000) is hereby appropriated from the Private Postsecondary*
28 *Education Administration Fund to the Bureau for Private*
29 *Postsecondary Education, for the 2014–15 fiscal year, to be*
30 *combined with any other available funds, for purposes of*
31 *establishing one permanent attorney position at the bureau to*
32 *assist the bureau in its regulatory activities, and one permanent*
33 *analyst position at the bureau to provide support to the advisory*
34 *committee.*

35 ~~SEC. 95.~~

36 SEC. 44. No reimbursement is required by this act pursuant to
37 Section 6 of Article XIII B of the California Constitution because
38 the only costs that may be incurred by a local agency or school
39 district will be incurred because this act creates a new crime or
40 infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section 17556 of
2 the Government Code, or changes the definition of a crime within
3 the meaning of Section 6 of Article XIII B of the California
4 Constitution.

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